

HOME NEWS

Ministry circular on toughening attitude towards NHS strikers and pickets draws unions' anger

By John Roper
Health Services Correspondent

The Department of Health sent a circular to hospital authorities yesterday giving them guidance on tightening their attitudes in dealing with industrial disputes in the National Health Service. There was strong reaction by the trade unions last night.

Mr Albert Spawick, general secretary of the Confederation of Health Services Employees, who is regarded as a "moderate", angrily demanded that Mr Patrick Jenkin, Secretary of State for Social Services, withdraw the circular.

The document, he said, was designed to incite confrontation. By recklessly issuing the circular, without consultation Mr Jenkin was abusing the channels for negotiation and agreement.

By threatening staff in disputes where unions themselves have ruled out action in the clinical area, he will undermine responsible trade unionism and still further the morale of staff," Mr Spawick said.

The General Whitley Council was on the point of reaching agreement (after a year's discussion) on local disputes procedure, but the circular put that in doubt.

Mr Jenkin's "calculated invitation" to suspend staff without pay was a deliberate act which would endanger patients, all for no useful purpose at a time when a national agreement on disputes was near, Mr Spawick said.

The circular says that strikers should not be paid. Nor should they receive bonus or overtime payments which had not been earned. Nor were staff who took strike action entitled to sickness benefit.

Picketing must be within the law and pickets were not entitled to use staff facilities, such as canteens or lavatories. Staff who refused to cross a peaceful and orderly picket line would be seen as absent without leave, in breach of contract and not entitled to be paid.

The pay of anyone taking part in a lightning strike should be stopped for the period of the strike. Where there were such constant strikes resulting in the loss of full service to patients, and an authority was satisfied that a worker was not fulfilling his terms of contract, he should be sent home.

Because the employee had committed a serious and material breach of contract, his pay should cease, after his staff representatives and he himself had been warned of the management view.

Where staff report for duty but "work to rule" or "black" certain work by selecting duties or deliberately restricting production, they are usually in breach of contract, the circular says. An employee was not entitled to pay unless he could prove "substantial performance of his contractual obligations".

The circular was issued in response to requests from hospital management for guidance. It was not realized that most forms of industrial action were a breach of contract, the circular says. Authorities must keep in mind the need to maintain services to patients, that sending staff home without pay would possibly lead to an earlier return to work, and that after a dispute staff would have to work together again.

Management must take advice about the exact legal position. If services to patients could not

be properly maintained, assessment of priorities must be made. The circular says that government ministers want management to know that having issued the guidance, they would hope not to intervene in decisions.

Authorities are urged to make use of volunteers, recruited from other staff or from the public, during a dispute. They are similarly free to engage agency staff.

High priority should be given to contingency planning against industrial action by identifying essential services, assessing essential needs of clinical and support services and planning to maintain them.

In launching the circular Mr Jenkin said yesterday that it would help management and staff to have a clearer understanding of what action could be taken if normal industrial relations broke down, threatening the overriding need to look after patients.

It would be for each authority to decide how to respond to industrial action. The circular had been prepared with the help of legal opinion but it was not seen as a statement of law.

Civil Service protest: Thousands of civil servants reacted to the Government's plans to cut their numbers by walking out of work yesterday to attend protest meetings, according to the Society of Civil and Public Servants.

Lord Soames, Lord President of the Council, who is responsible for the Civil Service, announced on Thursday night that 40,000 more jobs were to go on top of 20,000 already due to cut.

More than 70 Conservative backbenchers and Mr Francis Hooley, Labour MP for Sheffield Heeley, have signed a Commons motion urging the Government to approve the forthcoming British Lions tour of South Africa.

A group of Labour members, headed by Mr John Evans (Newtown), have countered with an amendment that calls attention to "the number of unemployed people in the country" and the Government's failure to provide the basis for BL's future.

That is believed to refer to the company's demand for the removal of all union demarcation and the complete mobility of labour.

Asked if BL was prepared to increase its offer of 57 per cent plus an incentive bonus, which could amount to a 75 per cent increase, Mr Evans said: "We do not have reserves from where we can find more money. There is need for an urgent settlement in the next week or so preferably."

He said that did not mean the company had set a target date for acceptance by the union. "We are not in a high noon scene."

Mr Grenville Hawley, chairman of the union side of the BL joint negotiating council, said: "We have a hell of a job in front of us. We have a long way to go, but we have made some progress, so I suppose we are quietly optimistic."

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Mr Dykes said last night that he had good grounds for putting down the question.

"If these reports are true it would be really shocking," he said. "Such action by civil servants would cause a storm in the Conservative Party."

It is said that senior civil servants are circulating position papers showing the effects of United Kingdom withdrawal from the EEC. The Conservative Party is deeply committed to membership of the Community, says the Prime Minister.

Whitehall sources last night denied that any "position papers" relating to British withdrawal from the Community were being circulated. The possibility of a withdrawal was not contemplated by the Government. But it was conceded that detailed papers had been circulated explaining the benefits of membership and the costs incurred under the common agricultural policy.

Those papers were directly related to the Government's campaign to achieve a balance between the United Kingdom's payments to the EEC budget and the amount received.

Broken romances of Clementine Churchill

When Winston Churchill met Clementine Hozier at a ball in 1904 he was 30 and she was 19. They did not take to each other and it was four years before they met again at a dinner party.

This time Winston fell headlong in love with the beautiful but penniless girl who was to be his wife.

Tomorrow *The Sunday Times* prints a long extract on Clementine Churchill by her daughter, Mary Soames, tracing the story of her mother's two broken earlier romances, and of her courtship and marriage to Winston Churchill.

Whitehall silence on Mr Thatcher rugby plea

By Our Political Staff

What will no doubt be interpreted as a significant silence was preserved in Whitehall yesterday about the plea made by Mr Denis Thatcher, husband of the Prime Minister, for the British Lions rugby tour of South Africa to take place next year.

At the annual dinner of the London Society of Rugby Football Union referees on Thursday, he said that he might be sticking his neck out, but he thought that we were free people, playing an amateur game, and we have got the right to play where we like."

Mr Thatcher, who is a former county referee and treasurer of the London society, said that if football players could go to play in Russia, and tennis teams play in China, then British rugby players could play in South Africa.

Inquirers at 10 Downing Street were referred to a House of Commons Parliamentary written reply to Mr John Carlisle, Conservative MP for Luton, West. He had asked whether the Government would support the four home rugby unions' tour of South Africa.

Mr Hector Moun, Under-Secretary of State, Department of the Environment, who is Minister for Sport, replied: "No Government approval would be given to any such tour."

Miss Joan Lester, Labour MP for Eton and Slough, a former captain of the party, and now leader of the party's international committee, condemned Mr Thatcher's statement.

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Drop race questions from census, minister told

By Our Home Affairs Correspondent

The Office of Population Censuses and Surveys has recommended to Mr Patrick Jenkin, Secretary of State for Social Services, that the 1981 census should not after all contain questions about a person's racial or ethnic group.

But the Commission for Racial Equality and others in favour of including the questions are trying to persuade Mr Jenkin and his Cabinet colleagues that if they are omitted a whole range of social policies will be put at risk.

The dispute centres on results of a test run by the office in Haringey, London. Figures for the test as a whole (not just the racial question) showed that completed forms were returned by only 54 per cent of households.

That figure indicated an overall response rate lower than in other tests held not long before, but was close to the response obtained in the past from inner urban areas—coincidentally the areas where many black and Asian people live.

It was not possible to get in touch with 15 per cent of households. Another 7 per cent refused to accept the form and a quarter accepted the form but did not complete it.

The original proposal to count non-white people in the 1981 census represented a significant change in British official attitudes towards race relations. If the questions were asked it would be the first time a decision had been taken to count people in a census as being ethnically different, or by race.

The Haringey test tried out both types of question. The new question sought information about place of birth, whether the respondent had acquired United Kingdom citizenship, and the name of the country issuing the passport on which the person last entered the United Kingdom.

The racial part of the question asked respondents to tick boxes indicating which group the person belonged to: English, Welsh, Scottish or Irish or other European; West Indian or Guyanese; African; Indian; Pakistani; Bangladeshi; Arab; Chinese. If the person was of any other racial or ethnic group or of mixed racial or ethnic descent, there was space on the form for a description.

The 1971 question, asked again in the Haringey test, inquired about the country of birth of the respondent's father and mother. He said that because the statistics of birth were not a sure guide to a person's ethnic group, the 1971 census was only partly effective.

Such a question would be even less useful in 1981 because of the growing number of black and Asian children and parents who were born in the United Kingdom.

The latest estimates, made by adding birth figures in Britain to the information from the 1971 census, are that the population here of black and Asian people and their offspring is likely to have exceeded the two million mark for the first time.

Between 40 and 50 per cent are thought to have been born here.

Mr David Lape, chairman of the Commission for Racial Equality, said yesterday that

a question in the 1981 census was the possibility of a strong campaign against it, which would seriously damage the validity of the rest of the census.

The reaction could fuel feelings against the growth of contact in the amount of information already held about people in various data banks.

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Health service plans 'reactionary'

Continued from page 1

services projects and to voluntary organisations.

A new provision defines the financial obligations of health authorities and, perhaps with the London authority which Mr Patrick Jenkin, the Secretary of State for Health, and Social Security, sacked for refusing to keep within their cash limits in mind, defines an authority's duty to see that expenditure does not exceed income.

It is estimated that the abolition of the Health Services Board will save about £167,000. There will be increased revenue from private patients.

Help for family doctors to acquire or improve surgery premises is given by a provision which increases the borrowing powers of the General Practice Finance Corporation, which makes loans to general practitioners. The corporation is given a new power enabling it to lease premises to doctors.

The British Medical Association

said the Bill would restore an important element of flexibility for doctors treating patients within the NHS.

Mr David Bolt, chairman of the association's senior hospital doctors committee, said that the Bill contained common sense measures. It would ensure that consultants could provide a more comprehensive service within one hospital.

With a phasing out of pay beds there had been growing concern at the waste of consultants' time in travelling between NHS and private hospitals.

Mr Political Correspondent writes: Labour MPs saw the Bill as a reactionary measure which would force nurses into the position they were in before the National Health Service Act was passed in 1946, namely to go on the streets with collecting boxes on "flag days".

Mr Stanley Orme, Labour MP for Salford, West, who was Minister for Social Security in the last Labour government,

said that while the private sector of medicine was being encouraged, the state hospitals were being pushed into raising money by way of "collections, competitions, bazaar, sales of produce, and other such measures."

For this purpose the hospital authorities could use the land or hospital premises. It could mean the running of tombolas or casinos at hospitals.

"I find that obscene," he said. "We shall oppose the Bill at all costs. We want to come back to the basic principle that the National Health Service should be free at all at the time of need. We all pay for it throughout our working lives and are entitled to the service."

It was Mr Aneurin Bevan, the minister who introduced the original legislation, who declared that he never again wanted to see nurses begging on the streets, Mr Orme said. That was what the Government seemed to be moving towards in this Bill.

Open inquiry into security services urged

By Our Political Correspondent

Relationships between the security services, ministers, Parliament and the public are in urgent need of investigation and discussion, the National Executive Committee of the Labour Party stated yesterday.

They called for an open inquiry into the accountability of the security services, which cost well in excess of the £56m a year shown in the estimates for the Secret Service alone.

A inquiry is provided by the recent appointment of the 14 new inquisitorial-type select committees which will examine the work of each government department.

The Select Committee on the Foreign Office, which presents the Vote for the Secret Service, and the marching committee on the Home Office, which investigate police surveillance of political suspects, should be the forums for MPs to investigate these matters.

In a statement issued yesterday the Labour NEC asserted that "the present arrangements are undemocratic, unacceptable, and serve only to undermine the credibility of the

EMPLOYMENT BILL

Improvements in industrial relations sought

By Our Labour Staff

The Employment Bill, published yesterday, implements the Government's commitment to restore the balance in industrial relations. Introducing the proposed legislation, Mr James Prior, Secretary of State for Employment, said: "The Bill does not create any miracle cure for the chronic ailments that plague the nation's economic performance."

"But it will create a better opportunity for management and unions to get on with making the improvements in industrial relations that the nation so urgently needs."

The main purposes of the Bill are:

To encourage the wider use of secret ballots in trade union affairs.

To provide greater protection for employees affected by the closed shop.

To limit lawful picketing to a picket's own place of work.

To enable the Government to establish codes of practice on the closed shop and picketing.

To provide protection against "coercive" trade union recruitment.

To amend employment protection law to encourage employers to create new jobs.

Mr Prior said at a press conference: "I believe the proposals in the Bill will help management to get on with the job of managing and give trade unions the chance to restore the public's confidence and their members' faith in them. I hope that both will respond."

"Since publishing our working papers, we have had the considered views of many people and organizations. The Government has been greatly helped in drafting the legislation by these comments and hopes that similarly reasoned responses will be made to the Bill."

"No doubt some will say that we have gone too far, others will say not far enough. But I believe the majority of people will see this Bill as a means of creating a better industrial climate and that our approach is fair-minded."

The contents of the Bill are summarised below.

Ballots and codes of practice

Clause I of the Bill would empower the Secretary of State to make by regulations a scheme administered by the certification officer providing for payments towards the cost of secret union ballots.

Qualifying unions would have to be those certified as independent under the terms of the Trade Union and Labour Relations Act, 1974.

Ballots could be held by the union or by a committee of employers and employees.

The Bill would reduce from two years to one the minimum length of a fixed-term contract in which employees may, at present, agree to waive their right to complete of unfair dismissal if they are not re-engaged on the expiry of the contract. The unfair dismissal provisions would still apply to dismissal during the period of the contract.

The Bill proposes several changes to the provisions on the basic award of compensation for unfair dismissal, and provides for the calculation of the basic award on the basis of redundancy payment.

It would empower tribunals to reduce the basic award in cases where the employee had

guidance for promoting the improvement of industrial relations. A failure by any person to observe any provision of a code of practice so issued would not of itself render him liable to proceedings.

But in any proceedings before a court, an industrial tribunal, or the Central Arbitration Committee, any such code would be admissible in evidence, and any provision of the code that appeared to the court, tribunal or committee to be relevant would be taken into account.

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unreasonably refused an offer of reinstatement from the employer; or on grounds of the employee's conduct wider than the stated grounds for dismissal. The minimum entitlement to two weeks' pay would be abolished.

If in proceedings before an industrial tribunal the employer claimed that (a) he was induced to dismiss the employee by pressure which a trade union or other person exercised on him by calling a strike or other industrial action, or by threatening to do so, and (b) that the pressure was exercised because the employee was not a member of any trade union or of a particular trade union, the employer would be able to require the person who he alleges exercised the pressure to be joined as a party to the proceedings.

Classes 3 and 4 of the Bill deal with closed shops. The Bill would give a person who is, or seeks to be, in employment where there is a union membership agreement (closed shop) the right not to be unreasonably excluded or expelled from a trade union. This new right would be additional to present common law rights.

Complaints of infringement of the right would be heard by industrial tribunals, which would be required to consider the matter on its merits and not just on the particular union rule which applied.

Tribunals would have the power to declare complaints null and void and there would be a right of appeal, either on the facts or on points of law to the Employment Appeal Tribunal.

A person who had made a complaint against a trade union which had been declared by an industrial tribunal, or on appeal, by the EAT, to be well-founded, may make an application for an award of compensation to be paid to him or her by the union.

Limits imposed on compensation

If at the time of the application the person had been dismissed or had been excluded from the union against which the complaint, the application would be to an industrial tribunal; and if not, to the EAT.

In that case compensation would be what the EAT considered to be reasonable and would be subject to a higher maximum award.

The complainant would be under the normal duty to mitigate loss arising from exclusion or expulsion from a trade union and a tribunal would also be able to reduce the amount of compensation where a complainant's action contributed to his exclusion or expulsion.

Where a tribunal awarded compensation it would be limited to the same maximum applying in unfair dismissal cases. Where the EAT awarded compensation that would be limited to the higher maximum which applies in unfair dismissal cases.

Unions would be required to have a policy of reinstatement or re-engagement award.

It is expected that the maxi-

mum compensation would be £16,000.

Clause 6 of the Bill would enlarge the grounds on which dismissal for non-membership of a trade union is to be regarded as unfair where there is a closed shop. Dismissal of an employee in such circumstances would be regarded as unfair if the person objected on grounds of conscience or other deeply held personal conviction to being a member of any trade union whatsoever or of a particular trade union.

Dismissal would also be regarded as unfair if at the time of the closed shop agreement, a member of the union specified by it, and had not been a member since.

A closed shop agreement would be taken to have been approved if a ballot had been held on the question whether the agreement should apply in relation to affected employees and not less than 80 per cent of those entitled to vote in the ballot voted in favour of the agreement's application.

A ballot under this section of the Bill would be conducted to ascertain that, as far as reasonably practicable, all those entitled to vote had an opportunity of voting, and of doing so in secret.

An employee would not be entitled to return to work after confinement if she did not comply with new conditions in clause 10.

These are: that she would have to give written notice before she leaves the shop; that she would have to give 21 days' notice of intention to return to work; and she would have to give additional written notification soon after confinement if this was requested by the employer.

Section 56 of the 1978 Act ("failure to permit women to return to work after confinement") would not apply in certain circumstances. However, it would not affect any contractual rights the employee may have.

The circumstances in which the section would not apply are where a small firm with fewer than six employees found it was not reasonably practicable to take her back in her old job or to offer alternative work; or where a firm found it was not reasonably practicable to offer her old job, but offered a suitable alternative which she accepted or unreasonably rejected.

The new clause is a departure from the Government's consultative document, which suggested that firms with fewer than 20 employees should be exempt.

No coercion to join a union

Clause 13 of the Bill would also extend to an employee who is dismissed on grounds of conscience or other deeply held personal conviction to membership of any, or a particular, trade union, the right not to have action short of dismissal taken against him with the intention of forcing him to join a trade union.

The Bill provides a new definition of lawful picketing which lays down that it shall be law-

ful for a person in contemplation of or furtherance of a trade dispute to attend.

(a) at or near his own place of work, or

(b) if he is an official of a trade union, at or near the place of work of a member of that union whom he is accompanying, for the purpose only of peacefully obtaining or communicating information, or peacefully persuading any person to work or abstain from working.

If a person works, or normally works, otherwise than at any one place, or at a place where lawful picketing is now defined as impracticable, then his place of work is deemed to be "the premises of his employer from which he works or from which his work is administered". This definition is designed to cut out secondary picketing, for example, lorry drivers picketing the docks.

The Bill goes on to include in lawful picketing, unemployed persons picketing their former place of work in furtherance of a trade dispute connected with his dismissal, redundancy or resignation.

Miscellaneous provisions

Outside those legal boundaries a picket who induces a worker to break his contract of employment by picketing somewhere other than his own place of work could be sued in tort.

Turning to coercive trade union recruitment activities, the Bill lays down in clause 15 that a person could be liable to civil actions in the courts if he induced, or threatened to induce, an employee to break his contract of employment with the intention of compelling workers to join a particular trade union or unions.

This would not apply where the employee whose contract of employment was broken (or threatened to be broken) worked for the same employer or at the same place as the workers who were being compelled to join a union.

The issue of press freedom appears in clause 16 of the Bill. This repeats section 1A of the Trade Union and Labour Relations Act, 1974, under which the Secretary of State for Employment has a duty to draft a charter on freedom of the press and lay it before Parliament.

The same clause also repeals sections 11 to 15 of the Employment Protection Act, 1975, which established a statutory procedure for gaining recognition through the Advisory, Conciliation and Arbitration Service.

Clause 16 goes on to repeal Schedule 11 of the 1975 Act, which dealt with the Road Haulage Wages Act, 1938. The schedule to be repealed enables claims to be made that employers are not observing "recognized terms and conditions" in their industry and district.

It also makes additional provision for workers in Wages Council industries. Claims are to be made to the Central Arbitration Committee for hearing and award.

Unions quickly show their anger

By David Felton and Donald MacIntyre

The Government's Employment Bill produced immediate angry reactions yesterday from the unions, which interpreted it as an attack on trade union rights.

"This Bill could massively increase the numbers of problems of this sort—and at the same time undermine the TUC's machinery for dealing with them," Mr Murray said.

Mr Moscov (Mose) Evans, general secretary of the Transport and General Workers' Union, said: "The practical application of law is the important thing, and the practical applications of legislation are going to cause problems for the Government and relations between unions and employers when we want to improve those relations."

He said that there could be trouble over the failure of the Bill to define the "place of work".

"How can one positively determine where a lorry driver's place of work is?" Mr Evans asked in the cut-throat road haulage industry, where organized firms could take over the work of a strike-affected firm.

Was a striker, not to improve his lot, not allowed to picket such firms?

Mr Evans said that on the closed shop Britain would now become probably the only country in Europe where an 80 per cent ballot was needed.

"As a union, we are extremely worried about the Bill, but we are acting in concert with the TUC," he said.

Mr David Bassett, general secretary of the General and Municipal Workers' Union, said that the Government's proposals were "disruptive of good industrial relations."

"In industrial relations, as in social and economic policy, a return to the squalor and conflict of the nineteenth century appears to be the prime objective of Tory party policy."

They threatened to bring up a whole new area of industrial relations in common sense and compromise."

Mr Bassett said the Bill would severely reduce the ability of trade unions to organize and take action which had been freely exercised since the turn of the century.

The Scottish TUC claimed that the proposals were the start of a programme that

would make British industrial relations "a considerably more bloody battlefield."

The Managerial, Professional and Staff Liaison Group, a federation of independent unions representing 500,000 members, said that it had mixed views on the Bill and would be making representations to Mr Prior and MPs on some details not in line with its policies.

It was opposed to repeal of section 11 of the Employment Protection Act, 1975, and sections 11-16 of the Act, which deal with trade union recognition, and would be urging the Government to reconsider its decision.

The group was in favour of the proposals on the closed shop, as it believed that "individuals should have the right to belong or not belong to a trade union, and this should not affect their right to work."

The introduction of postal ballots was welcomed on the assumption that they would be on a voluntary basis

HOME NEWS

Key role will be given to police if industrial action is taken by prison officers over pay claim

By Peter Evans
Home Affairs Correspondent

The police have been given a key role in contingency plans in case prison officers take industrial action. Possible use of the Army, although kept in mind, has not yet been mentioned officially.

The contingency plans drawn up during the past spring and summer within the Home Office have been discussed with the Association of Chief Police Officers. How far the police should be involved has been left for chief constables to decide locally.

The association is preparing to take official industrial action unless the Home Office agrees to pay claims which the May Committee of Inquiry into the prison service rejected.

The degree of assistance to be given has not been clearly specified but the police are prepared to help on the basis that they would be keeping the Queen's peace, rather than doing prison officers' work.

Some chief constables have, however, agreed to arrange meals for prisoners.

Contingency plans have been made for prearranged meals to be provided for prisoners, though it is not clear whether canteens would be prepared to cross Prison Officers' Association picket lines.

In one respect the plans are based on the fact that the Army govern the control of the Army during exercises in case of

terrorist attacks at London airports. The police officers would be in charge of law enforcement and the Army would act as their agents in coming to the aid of the civil power.

In prisons the governors would be in charge, liaising with the police, who would take orders from their own senior officers. The governor's relationship with the police has evolved from experience first gained last year during industrial action by police officers.

The plans began evolving with the arrival of Mr Dennis Trevelyan as director-general of the Prison Service. The election of a Conservative government gave the proposals new impetus.

When the police retained custody of some remand prisoners last year, the arrangements were for an assistant governor to act as a liaison officer. That would continue to be the case if use of police cells was necessary.

The need for contingency plans was made clear in evidence to the May committee by the governors' branch of the Society of Civil and Public Servants.

The use of one form of limited industrial action, namely refusing admission to prisoners, would seriously threaten the maintenance of law and order. There are only about 5,000 places in police cells.

The use of another form of industrial action would require the rapid opening

of an alternative prison system, probably within a week.

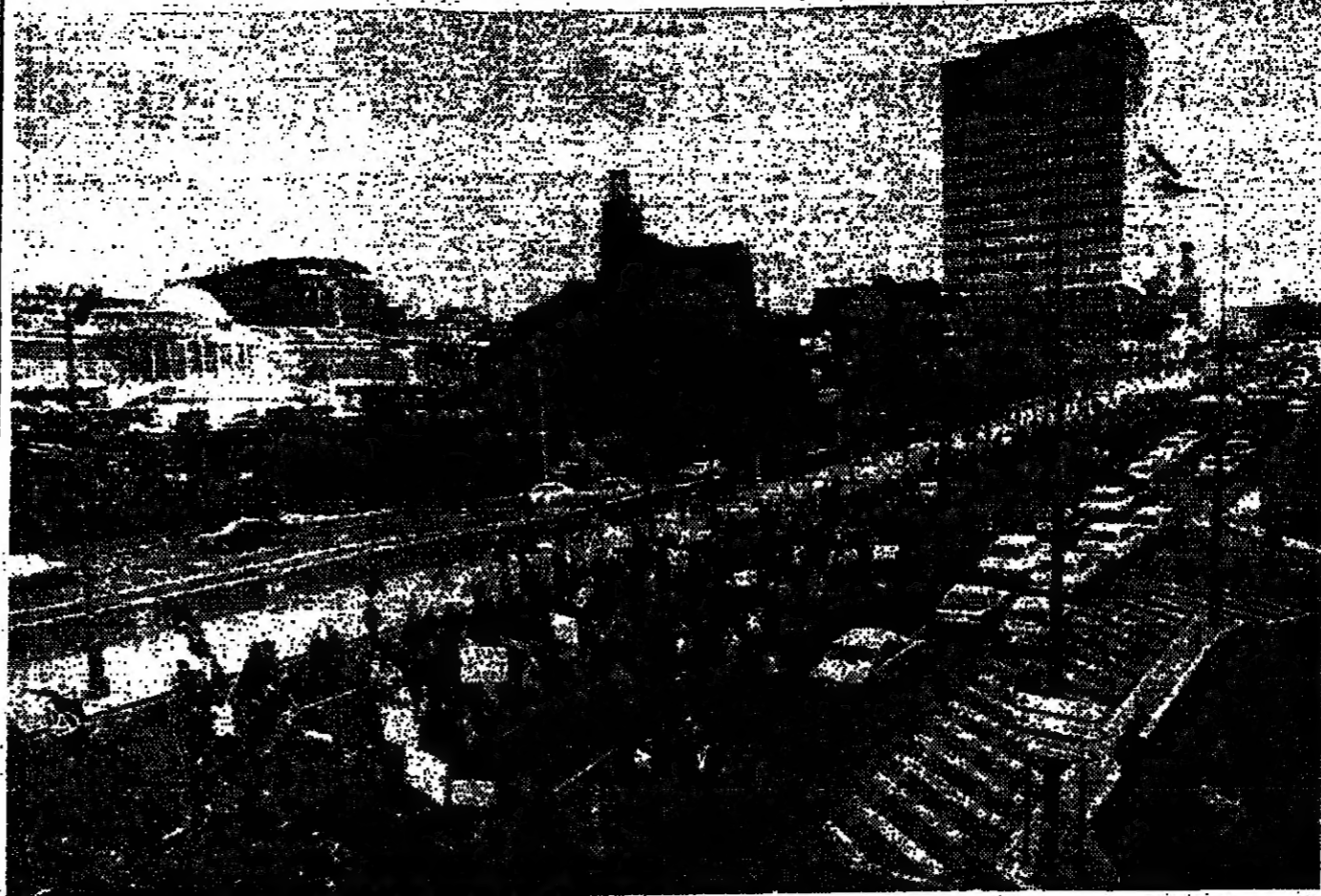
"Another complication to be faced if prison staff are to be allowed to continue to take industrial action is the reaction of other groups affected. The position of staff taking industrial action but still able to discipline prisoners has an air of incongruity about it which we cannot expect prisoners or organizations concerned with prisoners' rights to tolerate indefinitely.

In some branches of the Prison Officers' Association the local leaders have already had difficulty in restraining some of the more militant members from taking action. The head office of the association is keen for each branch to send details of its plans for coordination by a special subcommittee.

Last year the danger to prisons was brought home by a stark warning from governors to Mr Merlyn Rees, the former Home Secretary: "So far we have successfully avoided loss of life during serious disturbances but if the present trend continues there will be a serious loss of control which has to be quelled by armed intervention by another service. In such circumstances there is a probability of both staff and prisoners being killed. There are precedents in other prison systems."

There is also a precedent set by the firemen's dispute for the use of troops, though evidence suggests that governors would be firmly against soldiers bringing fire engines into prisons.

WEST EUROPE



Belgian strike: Demonstrators march through Brussels during a one-day strike called by Belgium's largest socialist trade union in protest at the Government's economic policies. Officials of the union, the Fédération Générale Du Travail de

Belgique, said the strike was well supported in Wallonia but not in Flanders. In the southern coal and steel town of Charleroi a worker picketing social security offices was stabbed in the stomach by someone trying to get in to work. The men were taken to hospital but were not in danger. International trains were cancelled in Brussels but the city's airport was functioning almost normally. The Walloon industrial centres of Liège and Mons shut down.—Reuters.

Dutch Cabinet in danger of falling after surprise vote on missiles

From Robert Schull
Amsterdam, Dec 7

The Dutch Government may be forced to resign within the next fortnight because the Lower House of Parliament in The Hague has refused to approve NATO plans to modernize its nuclear force.

Late last night at the end of the second debate on the subject within a month, 10 left-wing Christian Democrats voted with the Opposition to carry by 76 to 63 votes a motion opposing NATO plans to produce and deploy 572 Pershing 2 and Tomahawk missiles.

This development came as a complete surprise. In the earlier debate on November 7 and 8, the Government had accepted with great reluctance a compromise worked out by the Christian Democratic Parliamentary group. This was that NATO should decide to go ahead with limited production of the new missiles, but put off the decision regarding their deployment until after the results of arms control talks with the

Soviet Union could be evaluated. It was generally expected that in yesterday's debate the Christian Democrats, the senior partners in Mr Andries van Agt's coalition with the conservative Liberals, would reaffirm this position.

The defection of 10 Christian Democratic MPs and the resulting adoption of the Opposition's motion has created an enormous problem for the Cabinet. The Government is not obliged to follow the parliamentary decision. But if it ignores the vote and goes its own way next week during the NATO meeting in Brussels the Government will be confronted by a motion of no confidence. Although it is not certain that all 10 Christian Democratic defectors will then vote for a motion that will to all intents and purposes bring down a Christian Democratic-dominated Government, Mr van Agt has such a small majority in the Lower House—77 out of 150 votes—that it would take but a few defectors to defeat it.

While a majority of people in the Netherlands favours continued members of NATO, there is a widespread fear that a decision by NATO to modernize its theatre nuclear weapons might lead to a new nuclear arms race.

One certain consequence of yesterday's vote is that it will not be possible to postpone the new missiles on Dutch territory as NATO originally intended. The only NATO countries who now seem prepared to receive the missiles are Britain, Italy and West Germany. Belgian call: One of the five parties in Belgium's coalition Government called today for the postponement of NATO's decision. A parliamentary motion by the Dutch-speaking Socialists said the decision should be suspended until the outcome of disarmament negotiations with the Soviet Union. A vote on the motion will take place on Wednesday, when the NATO ministers are due to decide on the nuclear arms issue.—Reuters.

EEC budget rejection looks certain

From Michael Hornsby
Brussels, Dec 7

The European Parliament seems certain to reject the EEC's draft budget for 1980 when it meets in Strasbourg next week.

The three main political groups, the Socialists, the European Democrats and the Conservatives, this week have all come out in support of rejecting the budget and requesting a new draft to be submitted.

Announcing the Christian Democrats' decision at a press conference here today, Herr Egon Klepsch, the group's chairman, declared that the Parliament had a "clearly sufficient" majority for rejecting the budget.

Between them, the three main political groups can muster more than 280 votes. Under EEC rules, budget rejection requires a minimum of 206 votes in favour, a maximum majority of the total membership (410) of the Assembly.

In addition, two-thirds of all votes cast must also be in favour. If all members were present, that would imply a maximum requirement of 274 votes.

The Liberal group has indicated that it would prefer to avoid confrontation with member-states over the budget, but it is thought the group will nevertheless vote for rejection.

The position of the Communists is not yet clear, while the French Gaullist contingent is certain to vote against rejection, reflecting the dim view taken in nationalist, right-wing French circles of the ambitions of the European Parliament.

Unless there is a significant defection by French Socialists and a loss of nerve at the last moment by other groups, a majority for rejecting the budget thus seems assured. It will be the first time this has happened in the history of the Community.

The Parliament has been enraged by the curious way in which EEC budget ministers last month threw out most of its proposals, including a symbolic cut in the sacred cow of agricultural expenditure and increased regional and social spending.

Mother Teresa cancels dinner

Oslo, Dec 7.—The traditional gala dinner in honour of the Nobel Peace Prize winner has been cancelled at the request of Mother Teresa, this year's winner, so that the money can be used to feed the poor of Calcutta, it was announced today.

The dinner for 130 guests at the award ceremony would have cost 20,000 kroner (£2,700), said to be enough to feed about 300 Indians for a year.—Agence France-Presse.

Nobel scientists differ over nuclear weapons research

Stockholm, Dec 7.—Three of this year's Nobel prize winners sharply disagreed today on the merits of financing scientific research to further the nuclear arms race.

In a heated exchange, Professor Abdus Salam of Pakistan, one of the three winners of the physics prize, criticised the issue with Professor Herbert Brown of the United States, co-winner of the chemistry prize.

Dr Salam, aged 53, Professor of Theoretical Physics at Imperial College, London, and chief of the International Centre for Theoretical Physics in Trieste, criticised the "waste" of \$300,000 (£135,135m) spent annually on nuclear weapons.

He was supported by one of the men with whom he will share the physics prize, Professor Steven Weinberg of Harvard University, who deplored complacency about the threat posed by nuclear weapons.

"Today we are like the man who falls from a skyscraper and is naturally worried about it but by the time he gets to the fifteenth or sixteenth floor he is used to falling and thinks everything will turn out right," he said.

Professor Brown, aged 67, of Purdue University, Indiana, said he was not convinced that all nuclear weapons research was wrong.

"We have the atom bomb," he said. "But we also have the knowledge not to use it. Military research can turn up knowledge of benefit to humanity."

"To kill mankind eight times over," Dr Salam cut in angrily. Dr Weinberg said that the discovery of nuclear weapons was "a terrible tragedy. It presents the world with a ghastly problem."

Dr Salam is the first Pakistani and the first Muslim to win a Nobel prize. He is said to have helped his country achieve nuclear capabilities.—UPI and AP.

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US attempt to win over sceptical Nato allies

From David Cross
Washington, Dec 7

President Carter and other senior American officials were today trying to rally the support of three sceptical NATO allies for the deployment of new medium-range nuclear missiles in West Europe.

During separate talks at the White House here today, Mr Andries van Agt, the Dutch Prime Minister, and Mr Odvar Nordli, his Norwegian counterpart, voiced their Governments' strong reservations about the plan.

When NATO Foreign Ministers meet in Brussels next week, the United States is hoping that they will approve proposals for the production and deployment of 572 Pershing 2 and Tomahawk cruise missiles in various European countries, including the Netherlands.

Before his talks with Mr Nordli this morning, President Carter said the United States and Norway shared two basic commitments. "One is to strengthen unity, to have a political adversary knows we are unified in purpose in defending Western Europe. The second is constant and increasing commitment to arms control, both conventional and nuclear."

At the same time Mr Kjeld Olesen, the Danish Foreign Minister, was meeting Mr Cyrus Vance, the American Secretary of State, to press for a six-month delay in the NATO decision. The Danes argue that the security services could have discovered his spying much sooner if they had taken the precaution of checking on his office supplies. He used an abnormal amount of photocopy paper to copy secret documents.

A former woman companion of Mr Bergling was sentenced to three months for complicity. Four other Swedes have been sentenced to life imprisonment since the second World War for spying for Russia, but are usually released for good behaviour in prison after 12 years.—Agence France-Presse.

American officials have made it clear they fully expect the alliance to approve the deployment of the missiles now. The decision would be accompanied by an offer of immediate talks with Moscow on reducing stocks of medium-range missiles on both sides.

The officials argue that the alliance must negotiate from a position of strength. The Administration had hoped originally that the Senate would ratify the new American-Soviet strategic arms limitation agreement before next week's NATO meeting; formulation of the deployment plans was made on this assumption.

The Dutch, Danes and Norwegians are all strong supporters of the Salt 2 pact. However, Mr Robert Byrd, the Democratic leader of the Senate, formally announced yesterday that the debate on the treaty could not begin until next year.

It is an open secret that he rules the roost. Although a technical agreement between L'Espresso and L'Aurora founded on the opposition of the printers' union and editorial matter. What is peculiar to L'Aurora and gives it a distinctive conservative flavour is from four to six pages, depending on the day, of political comment and reporting.

M Roger Geraud, the journalists' union leader, said that what was at stake was the defence of democracy.

The journalists have a strong suspicion that L'Aurora has become a pawn in a personal feud between President Giscard d'Estaing and M Jacques Chirac, the Gaullist leader, and that once the President is firmly back in the saddle, it will have outlived its usefulness.

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SDP backs aims of environmental groups

From Patricia Clough
Berlin, Dec 7

The Social Democratic Party tried today to embrace, as far as it could, the goals of the "Green" environmentalist groups which pose a serious threat in next year's West German elections.

The party's biennial congress here approved a long resolution rejecting the view that maximum economic growth should be the main aim of society. The need to conserve nature, create a healthy and humane environment, and develop a "circular economy" based on saving and recycling resources, should have equal if not greater priority.

It was the Social Democrats' first attempt to tackle the problem of the growing influence of the "Greens", who they fear could drain away vital votes, particularly among idealistic young people, and leave Herr Franz Josef Strauss and the conservative opposition parties with an absolute majority.

It is not an easy task for a Government party, which must steer the country through economic and energy crises and which is "closely linked to the unions whose members fear adverse effects on jobs and the standard of living."

Herr Helmut Schmidt, the Chancellor, and other party leaders have expressed respect and sympathy for the views of the "Greens", but insisted that the party was examining these in the harsh light of economic and social reality.

Today's resolution also emphasized that the shift of values would not be achieved without problems and conflicts. The party's realistic view of the problems was emphasized last night when it approved, by a majority of about two-thirds, a resolution permitting a cautious increase in the use of nuclear energy, where absolutely necessary but giving priority to domestic coal.

There had been strong demands from the left for a step by step dismantling of the nuclear energy programme, and the development of other sources of power such as solar energy.

Swedes jail security man for spying

Stockholm, Dec 7.—A former member of the Swedish police and military security services was sentenced today for selling secrets of those services to the Soviet military intelligence organization, the GRU.

Sigfrid Bergling, aged 42, first established contact with a Soviet military attaché in Lebanon in November 1973, while on a mission with Swedish soldiers of the United Nations peacekeeping force in the Middle East.

Mr Bergling was with the security services from 1969 until 1977. He was arrested in Israel last March and extradited here.

An investigating commission recently reported that the security services could have discovered his spying much sooner if they had taken the precaution of checking on his office supplies. He used an abnormal amount of photocopy paper to copy secret documents.

A former woman companion of Mr Bergling was sentenced to three months for complicity. Four other Swedes have been sentenced to life imprisonment since the second World War for spying for Russia, but are usually released for good behaviour in prison after 12 years.—Agence France-Presse.

Britain to seek devaluation of green pound

From Our Own Correspondent
Brussels, Dec 7

Mr Peter Walker, the Minister of Agriculture, will ask for a five per cent devaluation of the "green pound" at a meeting of EEC agriculture ministers here next Monday.

The green pound, which currently overstates the real value of sterling by nearly 12 per cent, is the special exchange rate used for converting the EEC's common farm prices (expressed in units of account) into pounds.

The effect of a devaluation is to bring the green pound into closer alignment with the real pound, and to push up the sterling "floor" prices guaranteed to British farmers by an amount roughly equal to the devaluation.

The support prices do not cover all products, so the rise in the farmers' prices will work through unevenly to prices in the shops. A five per cent devaluation would probably add about one per cent on average to retail prices.

General strike in Basque country

Madrid, Dec 7.—A general strike stopped business and industry today in Spain's troubled Basque country. It was in protest against a proposed "workers' statute" now being considered by the Parliament in Madrid.

The principal party of the region, the Basque Nationalist Party, joined the Communist-led Workers' Commissions and other big trade unions in calling the strike on the grounds that the Bill failed to take into account regional differences.

Photographer accused over bomb disposal picture

From Our Correspondent
Leeds

Laurence Mercer, a press photographer, who photographed Army bomb squad officers at work, appeared at Leeds Magistrate's Court yesterday charged with obstructing a policeman and acting in a manner calculated to bring the peace.

He pleaded not guilty and the hearing was adjourned until next Wednesday.

Mr Mercer, aged 52, of Meadow Close, Bardsley, Leeds, was said to have taken a photograph at the scene of a bomb scare in Leeds last June. Mr Richard Oley, for the prosecution, said that the Army bomb disposal team asked the police to stop press photographers taking photographs.

When he was approached by a police constable, Mr Mercer, who works for The Yorkshire Post, said: "I think I can take any pictures I like but if you do not want them published you can put a D Notice on them."

Sgt Arthur Tomkins told him the request was made because the Army men feared that

pictures might put them in personal danger. Mr Oley added. Mr Mercer replied: "I do not think you can tell me not to take them. I am going to speak to my editor." He left and returned an hour afterwards to take the picture.

After his arrest the police confiscated his film. When it was developed they said the face of an Army corporal could be clearly seen.

Mr Robert Smith, for the defence, said: "The freedom of the press photographer to take any pictures that are within the law and for the pictures to be published is one of the essential guarantees of our freedom."

"If Mr Mercer is found guilty it will be a significant step in removing one of the freedoms that exist in this country. If pictures cannot appear in newspapers readers cannot be confident that the paper has been fairly put together."

Mr John Edwards, editor of The Yorkshire Post, said the fact that Army men were masked out before any pictures of them were published.

Students told to unite in face of cuts

Education Correspondent

Mr Trevor Phillips, president of the National Union of Students, yesterday appealed to Conservative students to join their fellow students in forming a united front in the campaign against the Government's spending cuts and its policies on overseas students and immigration.

Speaking at the opening of the union's annual conference in Blackpool, Mr Phillips said that students must not indulge in passive defeatism as a "super-militant and Tory jam-boree". They must plan their response on a serious, realistic and forward-looking basis.

"There are those of you who voted for Mrs Thatcher on May 3. Some of you are now regretting it. Whether you do or you don't, you must recognize the meaning of Mrs Thatcher's policies for students," Mr Phillips told more than 1,000 delegates who represent 1,200,000 students.

The union needed maximum unity and involvement to fight for the student interests which he believed Conservative students also held to be important. The views of Conservative students had held a place in the NUS for some years as a "left" and sometimes influential strand of opinion. Now was not the time to abstain or "cop out".

Deliberate fire causes death of second child

From Our Correspondent
Hull

A second child has died as a result of a fire started deliberately at a house at a press conference here today, Mr Egon Klepsch, the group's chairman, declared that the Parliament had a "clearly sufficient" majority for rejecting the budget.

Between them, the three main political groups can muster more than 280 votes. Under EEC rules, budget rejection requires a minimum of 206 votes in favour, a maximum majority of the total membership (410) of the Assembly.

In addition, two-thirds of all votes cast must also be in favour. If all members were present, that would imply a maximum requirement of 274 votes.

The Liberal group has indicated that it would prefer to avoid confrontation with member-states over the budget, but it is thought the group will nevertheless vote for rejection.

The position of the Communists is not yet clear, while the French Gaullist contingent is certain to vote against rejection, reflecting the dim view taken in nationalist, right-wing French circles of the ambitions of the European Parliament.

Unless there is a significant defection by French Socialists and a loss of nerve at the last moment by other groups, a majority for rejecting the budget thus seems assured. It will be the first time this has happened in the history of the Community.

The Parliament has been enraged by the curious way in which EEC budget ministers last month threw out most of its proposals, including a symbolic cut in the sacred cow of agricultural expenditure and increased regional and social spending.

The judge said the bodies of four members of the Moran family, who had been held hostage by Mr Hughes, were found at Pottery Cottage, East-moor, Derbyshire. The crime raised a number of questions and there were also questions over the shooting of Mr Hughes.

Mr Horrobin took charge only at the scene of the murders. By that time the hunt was over.

The judge said Mr Horrobin had been involved in disagreements with the chief constable over the organization of the CID. He asked to be posted to divisional duties in November, 1976. There was no demotion in rank and the move was not connected with the Hughes case.

Glasgow belongs to no one until elections in May

From Ronald Faux
Glasgow

With corporation debts running at £500m, extreme multi-deprivation lingering on its outskirts and alarm signals sounding in the city, Glasgow of all cities needs firm administration.

The latest dispute in the council suggests that a steady hand is unlikely to take the civic tiller until a new council is voted in next May, resolving the dead-lock that has paralysed long-term planning in the city.

Since the district council elections in May, 1977, Glasgow has had no party in overall control, and has appeared to belong to no one.

The chaos at last Thursday evening's council meeting showed the deep antagonism that separates the political parties, making a Liverpool-style coalition impossible.

Labour has formed an administration, and an all-party "fire brigade committee" will attempt to keep the peace and an eye on the council's bruised public image.

Glasgow will stumble on for another five months until the elections. The general expectation is that the city will divide on traditional lines, with an overall Labour majority restored.

At the last election the Labour vote was damaged by a housing scandal and the popularity at that time of the Scot-

tish National Party. Government cuts and dwindling support for the nationalists are bound to work to Labour's advantage.

Doubtless Glasgow politicians have been playing strongly to the gallery and have no real responsibility, have reacted with theatrical force to the Government's cuts.

It was that issue that forced the resignation of the minority Labour council, a resignation which ruled the city until two months ago. Labour took over then, but resigned two weeks ago. Since then the council has drifted leaderless.

Conservative Labour took over again, but with the 16 nationalist, wavering between left and right to avoid the charge of being "Tartan Tories" or "Tartan socialists", strategic planning has been impossible.

The result of the stalemate has not been entirely negative. A council official admitted that housing, particularly, had seen some imaginative and enterprising changes since the crisis ideology of the Labour Party could be overruled.

Glasgow, the largest housing authority in Western Europe, has been a stronger force for interest in the department than ever before, with more private sector development, a comprehensive housing plan and more say by tenants over the colour of their front doors.

At the last election the Labour vote was damaged by a housing scandal and the popularity at that time of the Scot-

100 sheep die in crash

About 100 sheep were killed most by suffocation, when a lorry

OVERSEAS

Zapu politicians work under disadvantage in Salisbury hustings

From Nicholas Ashford, Salisbury, Dec 7

The problems of organising an election campaign while the political party one represents is banned were illustrated today at a meeting between journalists and supporters of Mr Joshua Nkomo's wing of the Patriotic Front.

The meeting was called by Mr Muzorewa, who described himself as the "former" deputy publicity secretary of the Zimbabwe African People's Union (Zapu). Mr Nkomo, who was released from detention only a week ago, said he could not be described as the "acting" deputy publicity secretary because Zapu was still a banned organisation. Nor could today's meeting be described as a press conference because a banned organisation cannot make public statements. Nor could anything he said be attributed to Zapu for the same reason.

The fact that Zapu and Mr Robert Mugabe's Zimbabwe African National Union (Zanu) are still proscribed organisations places them at a distinct disadvantage during the preliminary campaigning for next year's election.

While they remain alienated Bishop Abel Muzorewa's United African National Council (UANC), the largest party represented at the Government of National Unity, is having a field day.

The party's officials are going round the country holding meetings with supporters and getting the UANC's machinery geared up for action, while Bishop Muzorewa and his ministers have been taking every opportunity to have their

views publicised in the press and on television.

The newspapers and the Zimbabwe Rhodesia Broadcasting Corporation seem quite happy to give the Government one-sided coverage by censoring from being otherwise.

By contrast Zapu and Zanu have neither a newspaper nor any other recognised means of getting their message across to the public. They are not allowed to hold election meetings, although they have been arranging "briefing" sessions with supporters.

At the moment, both wings of the Patriotic Front operate from adjoining rooms in an old Salisbury building held in the names of individuals, one a lawyer the other a businessman. The fact that they are working out of the same premises is taken as a sign that at least the internal representatives of Zapu and Zanu want to contest the election jointly as the Patriotic Front.

However, Mr Nkomo, speaking as an individual and not of course as a party spokesman, was not prepared to be drawn on this point. "I cannot say at the moment whether it will be the PF which is contesting the election or Zapu-PF and Zanu-PF."

Mr Nkomo does suffer from other disadvantages in addition to being officially alienated. He said he did not really know how the election would be fought as this would be decided by the parties' leadership, and they were all in London. Having spent most of the past 14 years in detention he had to admit that he was a little out of touch with recent developments.

Fifth arrest in roundup of Moscow rights group

From Michael Binyon, Moscow, Dec 7

Police today arrested another member of the Moscow Helsinki human rights monitoring group, Dr Andrei Sakharov, the Soviet dissident leader, today told Western correspondents.

Viktor Nekrasov, a 51-year-old pharmacist, was arrested in the Moscow suburb where he works. He has already spent two years in prison after being convicted of anti-Soviet activity in 1973, following publication of his protest verse. On release he applied unsuccessfully to emigrate.

His arrest is the fifth in the present round-up of the remaining active dissidents and members of the Helsinki group around the country. At the beginning of last month Tatyana Velikhanova, a 47-year-old mathematician, a veteran activist and one of the distributors of the unofficial *Chronicle of Current Events*, was arrested.

So also were Father Gleb Yakunin, a Russian Orthodox priest who refuses to accept state restrictions on religion; Anatoly Terechka, a Lithuanian nationalist; and Mikola Gorbai, a Ukrainian who has already served five years in a labour camp for anti-Soviet activities. Dr Sakharov said he believed the authorities were determined to stamp out any remaining pockets of dissent before next year's Olympic Games.

Plaschchikov police searched the flats of several of those later arrested and of other dissidents, and took away sacks of papers and documents. Miss Velikhanova's family was told by police that they took her away that they could tell any foreign correspondent they liked of her arrest—a remark her son-in-law believed showed the authorities did not care about foreign journalists.

On Tuesday plainclothes police also searched the homes of four members of the editorial board of the unofficial journal *Pravda*. Several typewriters and documents were removed and the four men, Pyotr Vepriyev, Vladimir Sorokin, Valery Abramkin and Yuri Grimm, were questioned.

Five years' jail for wife of Scientologist

Washington, Dec 7.—Mrs Mary Hubbard, wife of Mr Ron Hubbard, founder of the Church of Scientology, was jailed today for five years for plotting to steal Government documents about the church.

She had been convicted on October 28 with eight other Scientologists of conspiring to infiltrate United States Government agencies to obtain information. The prosecution alleged that the Scientologists committed scores of break-ins at Government offices including the Justice Department and the Internal Revenue Service and maintained a network of spies.

Under an agreement between defence and prosecution lawyers, the Scientologists agreed not to challenge the evidence. Judge Charles Richey also fined Mrs Hubbard \$10,000 (£4,245) and ordered officials to interview her and report in three months time on whether her jail sentence should be reduced.

He jailed three other Scientologists for four years and fined them each \$10,000. Reuter.

Two die in jail riot

Soledad, California, Dec 7.—Two prisoners were killed and 18 injured in a riot at the California state prison last night, a spokesman said.

For Peking, family planning is a matter not just for the couple but for the community as a whole. Marrying without first obtaining official permission is a criminal offence.

for the child's delivery and supervision. If a couple wants a second child, having persisted in the face of arguments and pressure against it from within its community, it then has to take its place in the community queue. It is a measure of how successful this kind of social control has been so far—and what a task awaits it—that of the 17 million births last year, at least one-third were of a third or further child.

So children in a family of three or more are considered anti-social, and sanctions, such as loss of privileges, rationing and pay are levied against their parents, increasing in severity for each succeeding child.

In contrast, free contraceptive advice and major incentives to undergo various contraceptive operations are all available. The old slogan, "few, long, late" now has to be modified to bring the Chinese face-to-face with the idea of the single child: hence China's endorsement of the Year of the Child.

But the longer-term consequences of a "one-child" policy, and how their childhood from an early age can be adjusted to absorb the company of other children, has not yet been fully thought through.



Among the last to display a poster at "democracy wall", which moves out of central Peking today, an old countryman wearing battle decorations unfolds a written protest before teams cleared the area overnight.

Iran militants insist all hostages will be tried

From Tehran, Dec 7.—Islamic militants occupying the United States Embassy said today that all 50 American hostages would be put on trial for spying, despite statements by the Iranian Foreign Minister that some captives would be released shortly.

Mr Sadegh Qorbzadeh, the Foreign Minister, had said during a press conference that some of the hostages were not guilty of espionage and "should be released". He said: "There is no problem for them, and I hope that it (release) will not be far off."

His statement was seen as signalling a possible relaxation in the crisis which has lasted nearly five weeks. But shortly afterwards, the militants at the embassy compound said the Foreign Minister had no "responsibility for the fate of the hostages". A spokesman for them said they would take orders only from Ayatollah Khomeini, Iran's leader.

He went on: "All of the hostages will be put on trial. There will be no exceptions. They will go before a revolutionary court which will be open to world observers. We don't know what the outcome of the trial will be."

Mr Qorbzadeh earlier said "some of the hostages would be viewed with the utmost gravity" by the United States. In New York, Dr Kurt Waldheim, the United Nations Secretary-General, said the Iranian authorities would violate international law if they put any of the hostages on trial.

UPI and Reuter.

Nephew of Shah killed by gunman

From Charles Hargrove, Paris, Dec 7

Captain Shariar Chafik, a nephew of the Shah of Iran, was shot dead this afternoon in the smart residential Paris district of Passy. Aged 34, he was the son of Princess Azadeh, the twin sister of the Shah.

The death was witnessed by several eye-witnesses. Captain Chafik was walking down a private road, on his way to the home of his sister, Princess Azadeh, when a man on a motorcycle rode up to him and shot him in the back of the neck.

When Captain Chafik fell, the rider fired another shot into his head, before getting away, "without undue haste", the witnesses said.

The death of Captain Chafik, who was a member of the Iranian military, was a significant event. He was a nephew of the Shah of Iran, and his death was widely reported in the media. The circumstances of his death, including the fact that he was shot in the back of the neck, have led to speculation about the involvement of Iranian forces in the assassination.

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UPI and Reuter.

Canberra refuses to break Pol Pot link

By Our Foreign Staff

Australia and New Zealand declined yesterday to follow Britain's example in withdrawing recognition of the Pol Pot regime in Kampuchea because it could no longer be regarded as an effective government.

The Pol Pot guerrillas have been fighting to regain power since January when Phnom Penh, the capital, was taken by the Vietnamese-backed forces of Mr Heng Samrin.

While deploring the record of the Pol Pot regime on human rights, Mr Fraser, Australian Foreign Minister, said his country could not accept the Vietnamese intervention in Kampuchea. Mr Robert Muldoon, the Prime Minister of New Zealand, said his country would follow the policy of the Association of South-East Asian Nations (Asean) which believes that withdrawal of recognition of the Pol Pot regime would not help to achieve a political settlement.

The Asean governments of Thailand, Malaysia, Indonesia, Singapore and the Philippines, which are to discuss the Kampuchean situation in Kuala Lumpur next week, had no immediate comment, but diplomatic sources said the British decision could set off a chain reaction which would upset the grouping's opposition to the Vietnamese role in the country.

Nevertheless, a forthcoming visit to Hanoi by Tuanku Ahmad Rithauddeen, the Malaysian Foreign Minister, could well open the way for the eventual end of recognition of Mr Pol Pot as part of a formula to solve the rift between Vietnam and the Asean governments.

Border mined: Vietnamese soldiers today began sealing the border near the Thai town of Ta Phraya to prevent the return of the 30,000 Kampuchean troops and civilians they forced into Thailand in the past two days, a Thai Army spokesman said. The border, said (Our Bangkok Correspondent writes).

He said about 1,000 Vietnamese troops were putting down land mines and digging trenches on a half mile frontier Thai territory. Some of the Kampuchean troops had managed to cross back to their own country before the Vietnamese established the new barriers.

The authorities are keeping civilians, including journalists, away from the Ta Phraya area, saying they fear

fighting or at least shellfire may occur there.

Further south the Thai Army today lifted its four-day blockade of food and water supplies to 200,000 Kampuchean troops camped on the border at Nong Mak Moon.

International medical teams were also permitted to resume their care of the sick and wounded as thousands more Kampuchean troops left the border for the nearby Khao I Dang refugee camp which is the biggest in Thailand now with almost 50,000 inhabitants. Shanoek warning: Vietnam will never withdraw from Kampuchea, the former Kampuchean head of state, said in an interview published in Paris today.

Western countries should understand that the "Vietnamese are like the Russians," he told the Paris newspaper *L'Asie Nouvelle*. "They will never firm with them, they only understand force."

Prince Sihanouk, aged 57, interviewed in a heavily-guarded Paris flat lent to him by the French Government, was only half satisfied with his welcome since arriving in Paris on November 25 to make international appeals for a conference to arrange a Cambodian neutrality. He has already met the French Foreign Minister and next Thursday will meet President Giscard d'Estaing.

He complained that French officials told him the past three years had been a waste of time to organize a liberation army, do not do it on our soil. We don't want to burn our bridges with Vietnam because we want to be useful later (as an intermediary) to the Agence France-Press and Reuters.

The Malaysian Government today allowed a Soviet aircraft carrying "humanitarian cargo" landing rights to and from Ho Chi Minh City (formerly Saigon), but the Soviet Union decided not to use the right (Our Kuala Lumpur Correspondent writes).

Malaysia had earlier banned such a flight but was asked by Moscow to reconsider. Diplomats in Kuala Lumpur believed the Soviet Union was "testing the waters" of Malaysian reaction in case it decides to step up its military flights into Vietnam.

The Thai Government had banned overflights of Soviet aircraft but they carry on nevertheless.

Unicef awaits relief report

From Our Correspondent, Geneva, Dec 7

The return from Phnom Penh next week of a senior official of the International Committee of the Red Cross (ICRC) will enable Unicef to investigate reports of relief supplies for Kampuchea going to the Vietnamese, is anxiously awaited by the Red Cross and Unicef, the United Nations children's fund.

In confirming today that more than 20,000 tonnes of relief supplies were being sent to Phnom Penh because of transport difficulties and formalities, Unicef said it had been informed that 360 Soviet lorries were arriving soon at the port of Kompong Son.

This is about twice the total number sent by international agencies over the past three months. An official said it was hoped at least some of the Russian vehicles would be used for food distribution.

He also made the point that relief supplies were being sent even if much less than normal, was now on sale in Phnom Penh markets. Lorries waiting: Two United States Air Force aircraft carrying relief supplies were held up by Unicef for a further three days because they had not yet received clearance to land in Phnom Penh, an Air Force spokesman said.—Reuter.

Draconian laws axed by Seoul's new leader

From Peter Hanelhurst, Seoul, Dec 7

Taking a cautious step towards a more liberal political system, President Choi Kyu Hak of South Korea today rescinded a draconian emergency decree which outlawed all forms of dissent and criticism against General Park Chung Hee, his predecessor.

President Choi also announced today that all political prisoners who were jailed under the provisions of the emergency measures will be freed. The Ministry of Justice said tonight that 58 adversaries of the late President Park have already been released and another 23 are expected to be released within the next 24 hours.

The move also revoked the suspended sentences of all persons convicted under the emergency decree. The sentences of former prisoners released on parole have also been annulled. Officials said that the measures would affect 407 prisoners and former detainees.

The amnesty does not, however, cover political offenders held under South Korea's "anti-communist law" and dissidents who were recently taken into custody under martial law.

However, President Choi said he would retain wide powers to curb political dissent under the provisions of martial law, imposed in South Korea hours after President Park's assassination on October 26.

This will mean that 110 prisoners, convicted or detained on political grounds, will remain behind bars. They include Kim Chi Ha, the noted South Korean poet who is serving a 20-year sentence. Mr Kim Dae Jung, the country's most respected opposition leader, is expected to be released from house arrest this weekend.

New energy post created in Australian reshuffle

Canberra, Dec 7.—Mr Malcolm Fraser, the Australian Prime Minister, today reshuffled his Cabinet and created a new post to decide energy policy. He also brought in two backbenchers to give a fresh look to the Government that will face a general election next year.

In creating the new Cabinet post of National Development and Energy, Mr Fraser said that because of the growing importance of energy policy he had decided to make it the responsibility of a senior minister.

He appointed the former Education Minister, Senator John Carrick, to the post, and said he would give priority to the development of Australia's natural gas and coal deposits and to research into other sources of energy.

Energy affairs, including the sensitive issue of the development of Australia's huge uranium reserves, previously came under the non-Cabinet post of the National Development Minister. The holder of this post, Mr Kevin Steward, was demoted to Productivity Minister today.

The reshuffle had been expected since last September when Mr Ian Sinclair, the Primary Industries Minister, resigned following allegations of misconduct in his business affairs.

Mr Peter Nixon, the Transport Minister who took on Mr Sinclair's job when he resigned, was confirmed as Primary Industries Minister, a key post overseeing Australia's vast wheat exports. He relinquishes the Transport Ministry.

The Transport portfolio goes to Mr Ralph Hunt, who was the Health Minister. Mr Ian Maclellan gives up his job as Immigration Minister to take the Health post. The two backbenchers brought in are Senator Douglas Scott, who becomes Minister for Trade and Resources and Mr David Thompson, who becomes Minister for Science and the Environment.

Mr Fraser, now nearing the end of his second term in office, is clearly hoping that his reshuffled Cabinet will increase his standing in the opinion polls, which is at a low ebb after two successive general election landslides.

High unemployment is an important cause of his coalition Government's unpopularity. The fresh emphasis on energy development and with it the prospect of new jobs may appeal to voters as the election approaches.—Reuter.

Lord Soames to shun pomp as Governor

By George Clark, Political Correspondent

Lord Soames has made it plain to the Rhodesian Government in his first public statement that he has no pomp or ceremonial. He regards his mission as that of a practical politician determined to ensure the preservation of law and order, free elections, the formation of a government and the independence of Rhodesia as soon as possible.

That does not mean that he fails to recognize the difficulties of his task. The fact that he is both a member of the Cabinet and a colonial governor is without precedent, but he regards the possibility of a conflict between him and Lord Carrington, the Foreign and Commonwealth Secretary, as the least of his worries.

In the House of Lords, his functions will be taken over by Lord Faversham, Deputy Leader of the House. At the Civil Service Department, where he was the minister in charge, the control of the day-to-day working of the

office will be taken over by Mr Paul Channon, MP for South-east, West, the Minister of State.

The Prime Minister continues to place the overall responsibility for the Civil Service.

He will be accompanied by his wife, Mary, a daughter of Sir Winston Churchill, who has a reputation for excelling in the arts of diplomacy.

Under an agreement between defence and prosecution lawyers, the Scientologists agreed not to challenge the evidence.

Five executed by Mozambique firing squads

Maputo, Dec 7.—Five people, including a black Rhodesian, have been executed by firing squads in Mozambique after a military court condemned them to death for "high treason" and espionage.

The official statement gave no details of the crime or place of their execution, which brings to 28 the number of people shot in Mozambique this year.

The military court also sentenced 12 others to long terms ranging from two to 30 years.—Agence France-Press.

Baby killed in Swapo clash with S Africans

Johannesburg, Dec 7

A 12-month-old baby was killed when Swapo guerrillas exchanged fire with South African security forces in a remote area of Namibia.

The clash occurred in Kaokoland, in the north-west of the territory, which has been relatively free of guerrilla activity for the past two years.

Brigadier Willie Meyer, a South African Army spokesman, said the Swapo guerrillas had been fired by Swapo fire during a clash with South African forces.

If a couple does not wait for permission to have a child, producing a child, the penalty is loss of two months' wages, confiscation of the child and the possibility of a prison sentence for a criminal offence in marrying without a licence.

After an officially permitted marriage, a couple can have their first child whenever they want. It is only thereafter that the community—normally a production unit in a city area, or work teams in communes—becomes the forum for discussion and decision about a couple's further desire for another child.

A further attempt would be made to convince the couple that no more children will be offered incentives such as child-care subsidies for the child, a larger grain ration, accommodation, suitable for two children, and additional work points, which entitle them to bonuses.

These incentives come in exchange for an undertaking from the couple to have no more children, though this need not include the irrevocable act of voluntary sterilization. If the couple takes the rewards and then has a second child it loses all the advantages, suffers further financial penalties and has to pay the medical and welfare services

Population in Asia's giants: 1 China

Nobody knows the size of China's population. Experts vary in their latest assessments between 974 million and 921 million—a discrepancy about as large as the entire population of Britain for a man and 25 years' assessment. By now, from whichever base, it will have grown another 15 million.

China's growth rate is now about 1.4 per cent per annum. The target is to force this down to 0.5 per cent by 1985, and zero population growth by 2000. By then the population will be about 1,200 million souls, with at least one-third under 15 years old.

To achieve this slow-down, the Party Congress in June considered a new policy devoted to the idea of the one-child family. Chairman Hua, in announcing this target, called for an insurance policy for old people who are childless, since in China's virtually pensionless society there is a natural desire for large families to provide for people's old age.

A law is being prepared to provide both for material and social incentives to couples who limit themselves to one child. There will also be severe penalties for couples who, having claimed the bonuses for a commitment to the single child, then have another one.

Family planning policy is not just a question of incentives or disincentives at the point of birth, however. It involves a wholly pervasive ideological commitment to the idea that birth planning is a social and not a private question; and that the size and spacing of families is a decision, not just for a couple, but for the community as a whole.

This policy starts to be applied administratively before

Saturday Review

Consumers Christmas

by Christopher Ward

On the first day of Christmas
my true love sent to me

A partridge in a pear tree...

But the partridge turned out to be a moulting sparrow and the pear tree was wilting badly when it was delivered by Inter-Partridge-In-A-Pear-Tree Ltd, who were banking (as they do every Christmas) on people like us not being ungracious enough to look a gift partridge in the mouth.

Partridges in pear trees costing what they do these days, I take the view that not complaining only encourages this kind of sharp practice. So I rang Inter-Partridge-In-A-Pear-Tree Ltd and asked, in the politest way, of course, to try again. The snooty manager categorically denied that the partridge was in fact a sparrow and insisted that the pear tree was positively blooming when it left his shop. "You probably stood it too near a radiator", he said. Stalemate.

Legally there was nothing I could do, because the law affords protection only to the buyer of gifts and not the receiver. So I telephoned my true love and filled her in on what happened. By trying to pass off a sparrow as a partridge, the shop was guilty of an offence under the Trade Descriptions Act, which carries a fine of up to £400 and/or a two-year jail sentence. (The offence should be reported to the Trading Standards Officer at your town hall and he will take the appropriate action). As for the drooping pear tree... my true love would have had a claim here under the Sale of Goods Act. The Act puts the retailer—not the manufacturer—under a legal obligation to supply goods which are:

1. Of merchantable quality.
2. Fit for the purpose for which they are sold.
3. Which meet the description applied to them.

It doesn't matter what you are buying—a new car, a packet of hair-clips or a partridge in a pear tree. Nor whether you paid cash or bought it on HP. Nor whether it was bought in a sale or a discount warehouse or by mail order. Nor whether you bought it two or even five years ago. Provided you can prove that the defect was there when the goods were bought, the law protects you.

My true love pointed this out to the manager of Inter-Partridge-In-A-Pear-Tree Ltd, who sensibly realized that unless he pulled his finger out, he was going to find himself in a lot of unnecessary trouble. So he immediately dispatched a replacement partridge in a pear tree.



On the second day of Christmas
my true love sent to me
Two turtle doves and a partridge
in a pear tree

The partridge and the pear tree were just perfect, thank you, as a result of the prompt and firm action taken by my true love. But the turtle doves didn't arrive. My true love said she sent them by British Rail Red Star express parcels service, but when I went to collect them at my local station, the clerk couldn't find any trace of them. "Come back tomorrow", he advised me. "But my turtle doves will probably be dead by then", I told him. He shrugged his shoulders and carried on filling out his postal coupon.

This is one of those all-too-familiar Catch-22 situations in which railway employee A swears he dispatched my true love's turtle doves and that they are now in the possession of employee B, but employee B categorically denies the doves ever left employee A. It's known as passing the buck and is a well-known tactic in state-run industries to bewilder the customer into submission.

No point wasting valuable time dealing with an uninterested parcels office clerk who is more interested in filling out his football pools. Nor, at this stage, did I wish to take up Sir Peter Parker's kind invitation to BR customers to send their complaints direct to him. Instead I telephoned the general manager of the region (whose name and address is obligingly listed in the front of the time table for that particular region). His over-protective secretary would not put my call through until I told her I was calling from Lytham St Anne's ("I'm from the winners tracing section at Premium Bond HQ and I think I may have some good news for him"). Quick as a flash he was on the line. I explained my problem and apologized for playing such a dirty trick, but hoped he would understand that time is of the essence since my true love's turtle doves are worth £2,000 a pair. If he suspected this was another white lie, he wasn't prepared to take a chance on it. Two hours later, my true love's turtle doves were traced to York station where they had been mistaken for racing pigeons and were about to be released.



On the seventh day of Christmas
my true love sent to me

Seven swans a-swimming...

Three of the swans couldn't swim, two weren't white, as specified on the order form, and the remaining two looked more like geese than swans. My true love immediately tried to get in touch with the Seven-Swans-a-Swimming mail order company who had supplied them. Their telephone number was unobtainable and they didn't reply to my true love's letters. So she wrote to the Advertising Standards Authority giving all the details of the original advertisement, when she sent off her money, etc. They investigated her complaint and in the meantime, prevented the firm from placing any further advertisements. My true love wrote a similar letter to the advertising manager of the newspaper where she saw the offer. She was much cheered up to learn that if the mail-order firm went bankrupt, she would be able to recover their money from a "disaster fund" set up by the Newspaper Publishers' Association—provided that the paper or magazine is a member, of course.

Illustrations by

- 1: John Short. 2: Brian Grimwood. 3: Marc. 4: Calman. 5: Mick Brownfield. 6: Bill Sanderson. 7: Norman Messenger. 8: Alan Crooknell. 9: Michael Trevithick. 10: Peter Brookes. 11: Paige. 12: Cole.



On the eighth day of Christmas
my true love sent to me

Eight maids a-milking...

My true love indeed paid for eight maids, but only six turned up. So she went round to register a complaint with Maids-a-Milking Ltd, and she set about it in exactly the right way. She didn't thump the counter. She didn't swear. She didn't grumble, remembering that if you let a complaint deteriorate into a moan you're likely to remind the area manager of his nagging wife and be treated accordingly. She didn't succumb to an attack of verbal diarrhoea and drone on for three-quarters of an hour until her audience was asleep with boredom. She didn't put the man's back up by adopting a "Look here my man!" approach. She was firm, factual, and came straight to the point. Within an hour, two more maids-a-milking were knocking on my door, full of apologies.



On the ninth day of Christmas
my true love sent to me

Nine drummers drumming...

The people next door complained. Almost any row that causes unreasonable disturbance—even the noisy love-making of the couple upstairs—is considered to be "pollution" these days. My neighbours

On the third day of Christmas
my true love sent to me

Three French hens, two turtle doves
and a partridge in a pear tree

The partridge in the pear tree were just what my true love ordered, the turtle doves arrived on time, but the French hens, all trussed up and oven-ready, weren't just high. They were a dead cert case for salmonella poisoning. I took them straight round to the Environmental Health Officer at the town hall who, after conducting various tests, announced he would prosecute the shop concerned under the Food and Drugs Act. My true love was very upset about this, but as I said to her, it's the thought that counts.



On the twelfth day of Christmas
my true love sent to me

Twelve lords a-leaping...

Unlike the eleven dancing ladies, they never got here because the airline inadvertently double-booked them and they had to wait 24 hours for the next flight. But at least they came out of it showing a profit. Most of the big airlines have agreed to pay a "no argument compensation" if you are "bumped", as it is called, from a flight on which you had a confirmed booking. The agreed rate for compensating you for denied boarding is vaguely one half of the cost of a one-way ticket to your destination, provided that you have to wait four hours or more. The minimum they will pay is £10, the maximum £100. They also have to reimburse you for any reasonable expenses you might incur as a result of the delay.

On the thirteenth day of Christmas my true love said to me twelve lords-a-leaping, eleven ladies dancing, ten pipers piping, nine drummers drumming, eight maids-a-milking, seven swans a-swimming, six geese a-laying, five gold rings, four colly birds, three French hens, two turtle doves and a partridge in a pear tree... certainly prove that it's worth complaining.

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Christopher Ward is the author of How to Complain, published in an updated and enlarged edition by Secker and Warburg at £5.95.

sought advice and discovered they had three courses of action open to them to stop my nine drummers drumming.

1. Under Common Law they could ask a solicitor to apply for an injunction to stop the noise, on the grounds that it is "materially interfering with their comfort". Expensive though.
2. They could themselves instigate a prosecution at the magistrates' court under the Control of Pollution Act, 1974. The Clerk of the Court would help them prepare an application for a Noise Abatement notice.
3. They could report my nine drummers drumming to the Environmental Health Officer at the Town Hall, and ask him to intercede on their behalf. He did and on the tenth day of Christmas I sent my nine drummers packing.



ately tried to get in touch with the Seven-Swans-a-Swimming mail order company who had supplied them. Their telephone number was unobtainable and they didn't reply to my true love's letters. So she wrote to the Advertising Standards Authority giving all the details of the original advertisement, when she sent off her money, etc. They investigated her complaint and in the meantime, prevented the firm from placing any further advertisements. My true love wrote a similar letter to the advertising manager of the newspaper where she saw the offer. She was much cheered up to learn that if the mail-order firm went bankrupt, she would be able to recover their money from a "disaster fund" set up by the Newspaper Publishers' Association—provided that the paper or magazine is a member, of course.



On the eleventh day of Christmas
my true love sent to me

Eleven ladies dancing...

They would never have got here at all if they hadn't realized the importance of strength in numbers. When the guard of their train blew his whistle and yelled, "All change!", they decided to exploit passenger power and stay put. They staged a sit-in demo, which is probably the best kind of demo of all, because it involves nothing more strenuous than remaining in your seat. It is the only known deterrent against those in the public transport business who, having promised to take us from A to B, try to drop us off at A+1. After muttered threats to shunt them into the sidings for the night, British Rail thought again and took them to their destination.



On the tenth day of Christmas
my true love sent to me

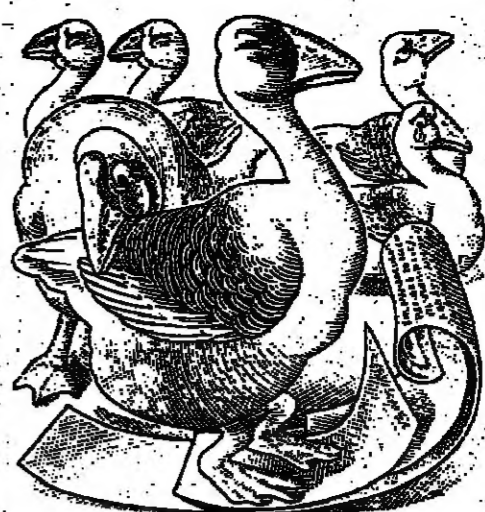
Ten pipers piping...

They were terrible. Their uniforms were dirty and they played out of tune. They ruined our Christmas party and quite properly my true love refused to pay the bill from Rent-a-Piper. When Rent-a-Piper sued, my true love had been smart enough to amass some evidence, so that it wasn't just our word against theirs. We took photographs, made tape-recordings. When we filed our defence, Rent-a-Piper dropped the case.

On the fourth day of Christmas
my true love sent to me

Four colly birds, three French hens,
two turtle doves and a
partridge in a pear tree

At least, she ordered four colly birds, but they never arrived because the shop failed to meet the promised delivery date. Shopkeepers are always optimistic about delivery dates when you place the order. It's only later that they tell you about the strike at the works, the fowl-pest sweeping Botswana and the world shortage of tennis balls, all of which are conspiring to deprive you of the colly birds you were promised for the fourth day of Christmas. What can you do to hold shopkeepers



On the sixth day of Christmas
my true love sent to me

Six geese a-laying...

Trouble was, none of the geese laid. My true love and I took them back to the live-stock suppliers from whom she had bought them and the owner pointed to a disclaimer notice on the wall which said, "While the Management takes every care to ensure that the laying geese sold on these premises can lay, it cannot be held responsible if the aforementioned geese do not lay."

Fortunately for my true love, the small print—or "exclusion clauses", as they are known—are no longer the con tricks they used to be. Thanks to the Unfair Contract Terms Act, 1977, no one can wash his hands of responsibility or disclaim liability by pointing to clause 198 (c) in buried away in the terms and conditions.

Those whose coats have disappeared from cloakrooms, whose clothes have been ruined by dry-cleaners, whose cars have been vandalized while in the safe keeping of a car-park attendant, will recognize the new Act as a real boon to the downtrodden customers.

Basically the Act offers two safeguards. 1. No one can disclaim responsibility for death and injury in any contract or notice. Such signs have no effect in law. 2. Whatever the customers signs or agrees to, liability for loss or damage cannot unreasonably be avoided. Travel agents, builders, cloakroom attendants, dry-cleaners, garages... none of these people can duck their responsibilities to the customers any more. On the sixth day of Christmas my true love got her money back.



On the fifth day of Christmas
my true love sent to me

Five gold rings...

She nearly didn't send me five gold rings though, because, being a bit short of cash, she wanted to buy them on HP. To her surprise her application for credit was turned down. As she had never defaulted on a debt, she was more than a little put out, was my true love.

Under the Consumer Credit Act, if a shop or finance company turn down your application for credit, you are entitled to know if they have consulted a credit agency which keeps a black list of real or imagined "bad risks". The shop or finance company must also tell you the name of the agency. You should then write to the agency, enclosing a 25p fee, asking for a copy of any file they have on you. Under the Act they have to do this.

If the agency's file is wrong, you can ask them to correct it. If they decline to do so, you can still write a note of correction up to 200 words long which the agency must then attach to your file and give to anyone who makes further enquiries about your credit-worthiness. If the agency fails to do this, or doesn't reply, you should ask the Director General of Fair Trading to intercede on your behalf.

My true love, however, found that as soon as she started talking about the Consumer Credit Act, all the problems about arranging easy terms disappeared.



and manufacturers to their promises? As I told my true love, when you place an order, make it clear (preferably in writing) that you must have the goods by a certain date. When they don't arrive in time (as is usually the case) you can then cancel the order, recover your deposit and claim damages for the inconvenience and expense to which you have been put. The very threat of this is often enough to ensure that the shopkeeper gets your colly birds to your loved one in time.

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THALIA MYERS-piano Today 8.00 p.m. 22.00, 21.00, 20.00, 19.00, 18.00, 17.00, 16.00, 15.00, 14.00, 13.00, 12.00, 11.00, 10.00, 9.00, 8.00, 7.00, 6.00, 5.00, 4.00, 3.00, 2.00, 1.00, 0.00

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QUEEN ELIZABETH HALL Today 8.00 p.m. 22.00, 21.00, 20.00, 19.00, 18.00, 17.00, 16.00, 15.00, 14.00, 13.00, 12.00, 11.00, 10.00, 9.00, 8.00, 7.00, 6.00, 5.00, 4.00, 3.00, 2.00, 1.00, 0.00

PURCELL ROOM

ART GALLERIES

ART GALLERIES

ART GALLERIES

ART GALLERIES

ART GALLERIES

ART GALLERIES

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LONDON SYMPHONY ORCHESTRA (Principal Conductor: Claudio Abbado) COLEIN DAVIS

STEPHEN BISHOP-KOVACHEVICH BRAHMS: Piano Concerto No. 1 in D minor

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ALLEGRI STRING QUARTET BEETHOVEN CYCLE

KASATKA COSSACKS

ANTHEA GIFFORD guitar

CHRISTMAS IN VENICE

CHRISTMAS IN VENICE

CHRISTMAS IN VENICE

CHRISTMAS IN VENICE

CHRISTMAS IN VENICE

Travel

Starting where the express stopped

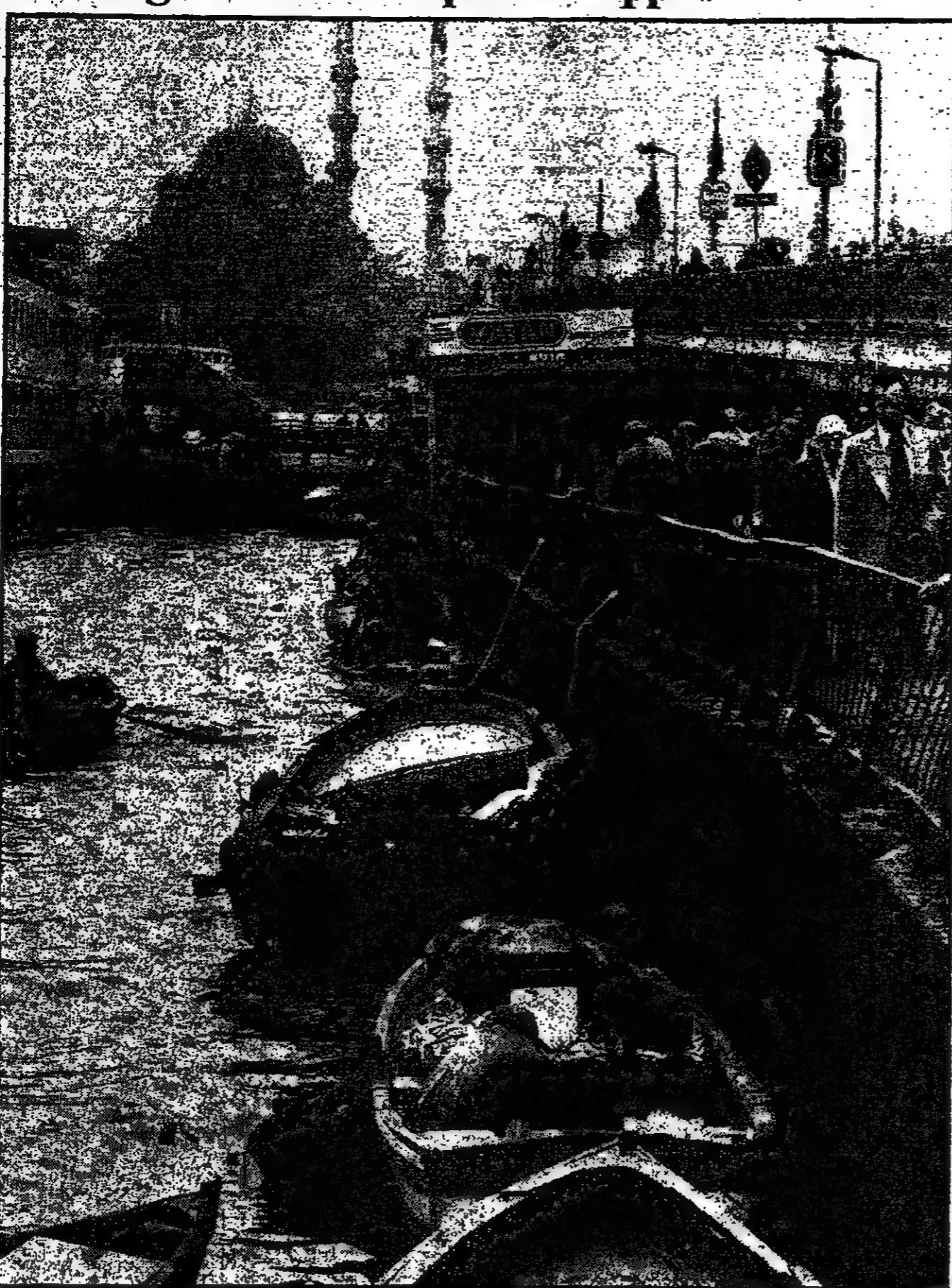
As the Boeing flies, Istanbul, together with Moscow, is the most direct air route from Europe you can visit on a cheap winter break. After a three-and-a-half hour flight from London, and a three-hour time differential, you certainly feel you have come a long way. Leaving Heathrow before lunch, you arrive in time for a lateish dinner.

On what is called a four-day holiday, you must reckon on a day and a half travelling and just three clear days in the city itself. Can it be worth it? If we had had rotten weather on our January holiday—rainfall in Istanbul that month is almost twice as heavy as in London—and, with little drainage, three times more unpleasant—our answer might have been equivocal. But we were lucky, and the seven of us—my wife, four children and daughter's friend—enjoyed it one of the best holidays ever.

Our hotel was the Pera Palace, not the most expensive hotel available to package travellers, but the most central and with the most atmospheric. Built by Thomas Cook himself in the 1870s and full of spacious salons in the Ottoman style, it recalls the style of the Grand Tour and the Orient Express, even if the paint is peeling in places and the carpets wearing thin. Shabby-grand is not everyone's taste. Some will prefer the dependable comfort of the Hilton further up the hill. And maybe Agatha Christie (fondly remembered by the affable concierge) is reviving in her grave at the hotel's end of the road.

Three days is of course an insupportably short time to enjoy any notable capital city, especially one so rich in different sorts of treasure as Istanbul. But all holidays stretch or contract to fit the time available. Here, in notebook form, are some of the things we managed to cram into our mini-vacation.

Day one: Generous breakfast but foul coffee, and I minded sleeping at the long Global table with Union Jack—though it was the only time we were made to feel package apartheid. Walk down to the Golden Horn, threading way through anarchic traffic—red lights flash on the bridge—across to the old city and climb through medieval cobbled streets to the serene and austere splendour of the Mosque of Süleymân the Magnificent, one of the masterpieces of Sinan, the local Christopher Wren. Michael Levy in *World of Ottoman Art* tells us not to miss the tomb of Süleymân and his wife in the cemetery, but these are disappointingly closed. Back towards the harbour through crowded lanes and shops and stalls to another Sinan Mosque, Rüstem Pasa, with exquisite Iznik tiles, almost hidden among the alleys in the metal-workers' quarter. Brief outbreak of Turkish rummy but find relief in prize-hunt at the public lot, an experience. Lunch in spice market in tiny restaurant recommended by invaluable *Traveler's Guide to Turkey*: soup, mixed charcoal grill and salad and wonderful assortment of local vegetables. Back to the hotel munching pistachios for well-earned stress. At dusk set off by bus to the maze-like covered bazaar, for centuries an Aladdin's cave for seekers of souvenirs. Deeds of a leather bag, two boys acquire hookahs, and third haggles to buy a shirt at £1 which he doesn't really want but can't resist at the price. General happiness at success of pego-tious and double-barrelled skin jacket, but abstain and feel smug at self-control. Later, succumb to a four-kilo tub of honey selling for just over £1 in street-market, though busy to carry home sweet bridge. House will flow with Turkish



Looking past the Galata Bridge towards the dome of the New Mosque.

honey for next 10 years. On to Çagaloglu Hanım, probably the city's oldest working Turkish bath, founded by Sultan Mehmet I in 1741 and preserved in its original form. Ladies leave us for their own establishments: a few doors along. Three of us opt for the complete works—steam bath, ablutions and a memorable massage by elderly gnomes who knead and pamper and leave with brio and, as coup de grace, jump on back and hop along the spine. (Amazingly, no ill-effects.) Two sons, cheer from the sidelines like a couple down from the cop. A brief lie-down in cubicle and then back to the hotel to stow off the splendours to friends less exotically accommodated elsewhere. Dine at a Russian emigre restaurant—excellent borscht—pick up fresh halva at late-night halva shop, and so to bed.

Day two: Give hotel breakfast a miss, preferring synchro and fresh orange juice in tiny cafe nearby. Balm weather, so we take Metro down to the harbour and catch ferry up the Bosphorus; en route admire elegant new bridge joining Europe to Asia—longest

bridge in the world and fourth longest in Europe—according to *Global Guide*. Get off at Beşiktaş and stroll along the coast to Rumeli Hisar, the fort which Mehmet II built in 1452 for his siege of Constantinople. Lunch at fish restaurant built on stilts over the water's edge: luscious section of borscht, followed by local sort of mackerel and baklava. Over estimate our appetites, but decision to wrap surplus sweetness in paper serviettes and slip in wife's handbag not a good idea. Evening at Jolly Bobolian tavern—more fishy borscht, d'oeuvres, shrimp and stuffed mussels washed down by good local draught beer.

Day three: Rich indigestible breakfast. First Blue Mosque, then Apia Sophia, Church of Divine Wisdom for a thousand years, then a mosque for 500 and now, since 1935, a state museum: a desolate place for all its magnificence, like a disfigured old man ending his days in a public institution. Then on to Topkapı—the palace of the Sultans—a highlight of our trip. So much to see here as the 1977 publication has of the prophet, gobbling exorcists, clocks, carriages,

swords and armour, boards of loot from all over the East, but also one of the world's great collections of Chinese porcelain and a gallery of priceless Persian and Turkish miniatures unimaginably beautiful. The buildings themselves, and the garden in which they are set, are beautiful as the contents of a window on the sensuous pleasures of Ottoman art. Lunch at the Topkapı restaurant, with panoramic view over the Sea of Marmara, then tour the palace, and some dozen of its several hundred rooms. Horrid nudging polyglot guide allows no lingering at opulent interiors; in and out in breathless 25 minutes, but all agree unmissable. Brief visit to one of the old Roman cisterns nearby, then the seven of us squeeze into ancient jalopy to drive to far end of city for final sight of the day, the Church of St Saviour in Chora or Kariye Camii, another ex-church, ex-mosque now a state museum, and housing memorable Byzantine mosaics. The tonic benefit of a holiday can be cut off all proportion to its duration. Returning to England was not simply a leap

through 1,500 miles but also a journey back from the past since the pattern of life in old Istanbul has hardly changed through 500 years. A crowded half-week of glorious life, even in one of the noisier and dirtier of the world's great cities, is a good thing. And a month in the sun in the Caribbean. And a fraction of the price.

Details: Thomson have package holidays to Istanbul starting at £85 for four nights. Global offer a seven-day coach tour from £180. Sunquest have a variety of tours of Istanbul and Turkey from £101.

Hilary Rubinstein

The author is the Editor of the *Good Hotel Guide*. The 1980 edition will be published by the Consumers' Association in the spring. He would be glad to hear from readers who have had any exceptionally agreeable hotel experiences in the past year, either in Britain or on the continent. Nominations, in as much detail as possible, should be sent to the *Good Hotel Guide*, 61 Clarendon Road, London W11.

Chess

Tilting at a faceless wall

The fleeting visit paid to the House of Commons by Viktor Korchnoi last week when the grandmaster gave a simultaneous display in which he beat five MPs and one peer was the first visit of a grandmaster to that centre of law-making. Korchnoi had no more distinguished predecessor in Capablanca who gave a display in the 1920s.

That visit attracted so many MPs that a member remarked upon the sparseness of attendance in the House and gave a lecture on the subject of chess to the then Prime Minister, David Lloyd George. "Did the Prime Minister know that a certain chess professional named Capablanca was giving a simultaneous display in the centre of the building?"

"Who had given permission for this and would he give permission to hold a box fight" within those hallowed walls.

Bonar Law replied that it was the sergeant at arms and he had no doubt that if the member wished to demonstrate his pugilistic skill he was sure that the sergeant would allow him to do so.

The questioner had the misfortune of striking the one chess player who is the only chess player who is not a member of the House of Commons.

It seems highly appropriate that Korchnoi should follow in Capa's footsteps and be seen in the news of late. No less than four books have been devoted to biographies of him, together with collections of his games, during the past two years.

These are, in order of publication, Viktor Korchnoi's *Best Games*, annotated by Viktor Korchnoi, Philidor Press, 294p, £5. *Chess is my Life*, Viktor

Korchnoi, Batsford, paperback, 172p, £2.50. *Korchnoi's 400 Best Games*, Viktor Korchnoi, R. G. Wade, L. S. Blackstock, Batsford, 264p, £5.95, and *Korchnoi's Chess Games*, edited by David Levy & Kevin O'Connell, Oxford University Press, 291p, £7.50.

Viktor Korchnoi, a sort of modern Don Quixote, gallantly tilting against giants much more dangerous and impervious to attack than the windmills of the gallant knight of La Mancha, is an ideal subject for heroic drama. This, together with the fact that he has proved himself to be second only to Karpov among the great active players of today, explains why there has been this sudden rash of books about him.

The latest book on him, *Korchnoi's Chess Games*, edited by David Levy & Kevin O'Connell, is aimed at that section of the public that wants as many games as possible; and contains almost 1,700 games together with a number of positions. But it has no biography, not even the date of birth. All that it gives about one of the most interesting personalities of the game is a brief introduction by Bill Hartston which is, alas, a slight tissue of cliché. The diagrams are too are tedious.

A distinctly better book is *Korchnoi's 400 Best Games*, which contains quite a lot of biographical material mixed with plenty of games and diagrams that form a pleasant contrast to those in the first book I have mentioned.

Neither book has much in the way of notes and Viktor Korchnoi's *Best Games* does at least contain 60 games annotated by the grandmaster himself. It also

gives a dozen short games (under 25 moves) and some, but not enough, biographical details. By far the best book is *Korchnoi's Chess Games*, which is essentially the same as the 1977 publication but has additions to cover the years of the Candidates matches 1977-78.

When I first read the 1977 edition I was struck by the conflict in the author's nature that was marked as his struggle against the authoritarian regime of the USSR. A recording, particularly in the light of the most recent events shows how this conflict has become embittered and how the drama is moving away from tragedy to stark tragedy. It seems to me almost incredible that a great country like Soviet Russia should behave with such petty spite and malice towards one of its sons of genius. There must be something wrong, not only in the heart but also in the head, of those who pursue Korchnoi with this medieval kind of hatred. They treat their country as a prison and exact vengeance on a prisoner who has escaped by imprisoning his son. Can they not see how much more modern, how much more civilized it would be for them to say to Korchnoi: "You wish to leave the country... very well, you may go, and if they so wish your wife and son may go with you."

Having visited Russia many times and met with much kindness and goodwill there, I am convinced that this is how the vast majority of the people of Russia would wish to behave. Korchnoi himself, on being asked by a friend recently why he did not appeal to someone

in Russia, replied: "How can you appeal to a faceless wall?" It should be brought to the attention of the appropriate committee in the USSR that we have been known to crumble.

As an example of Korchnoi's most recent play I give a game he won in the Open Swiss Championship at Biel this year, a tournament in which he came first 4½ points ahead of the rest of the field. White: Korchnoi, Black: Kaniel. QP Dutch Defence. 1. d4 d5 2. Nf3 Nf6 3. Bg5 e6 4. e3 c6 5. Bb5 Bc7 6. 0-0 Qb6 7. Nbd2 Bb4 8. Nc4 Qc7 9. Qd2 Qd7 10. Qd3 Qe7 11. Nf5 Qd7 12. Nf4 Qe7 13. Nf5 Qd7 14. Nf4 Qe7 15. Nf5 Qd7 16. Nf4 Qe7 17. Nf5 Qd7 18. Nf4 Qe7 19. Nf5 Qd7 20. Nf4 Qe7 21. Nf5 Qd7 22. Nf4 Qe7 23. Nf5 Qd7 24. Nf4 Qe7 25. Nf5 Qd7 26. Nf4 Qe7 27. Nf5 Qd7 28. Nf4 Qe7 29. Nf5 Qd7 30. Nf4 Qe7 31. Nf5 Qd7 32. Nf4 Qe7 33. Nf5 Qd7 34. Nf4 Qe7 35. Nf5 Qd7 36. Nf4 Qe7 37. Nf5 Qd7 38. Nf4 Qe7 39. Nf5 Qd7 40. Nf4 Qe7 41. Nf5 Qd7 42. Nf4 Qe7 43. Nf5 Qd7 44. Nf4 Qe7 45. Nf5 Qd7 46. Nf4 Qe7 47. Nf5 Qd7 48. Nf4 Qe7 49. Nf5 Qd7 50. Nf4 Qe7 51. Nf5 Qd7 52. Nf4 Qe7 53. Nf5 Qd7 54. Nf4 Qe7 55. Nf5 Qd7 56. Nf4 Qe7 57. Nf5 Qd7 58. Nf4 Qe7 59. Nf5 Qd7 60. Nf4 Qe7 61. Nf5 Qd7 62. Nf4 Qe7 63. Nf5 Qd7 64. Nf4 Qe7 65. Nf5 Qd7 66. Nf4 Qe7 67. Nf5 Qd7 68. Nf4 Qe7 69. Nf5 Qd7 70. Nf4 Qe7 71. Nf5 Qd7 72. Nf4 Qe7 73. Nf5 Qd7 74. Nf4 Qe7 75. Nf5 Qd7 76. Nf4 Qe7 77. Nf5 Qd7 78. Nf4 Qe7 79. Nf5 Qd7 80. Nf4 Qe7 81. Nf5 Qd7 82. Nf4 Qe7 83. Nf5 Qd7 84. Nf4 Qe7 85. Nf5 Qd7 86. Nf4 Qe7 87. Nf5 Qd7 88. Nf4 Qe7 89. Nf5 Qd7 90. Nf4 Qe7 91. Nf5 Qd7 92. Nf4 Qe7 93. Nf5 Qd7 94. Nf4 Qe7 95. Nf5 Qd7 96. Nf4 Qe7 97. Nf5 Qd7 98. Nf4 Qe7 99. Nf5 Qd7 100. Nf4 Qe7 101. Nf5 Qd7 102. Nf4 Qe7 103. Nf5 Qd7 104. Nf4 Qe7 105. Nf5 Qd7 106. Nf4 Qe7 107. Nf5 Qd7 108. Nf4 Qe7 109. Nf5 Qd7 110. Nf4 Qe7 111. Nf5 Qd7 112. Nf4 Qe7 113. Nf5 Qd7 114. Nf4 Qe7 115. Nf5 Qd7 116. Nf4 Qe7 117. Nf5 Qd7 118. Nf4 Qe7 119. Nf5 Qd7 120. Nf4 Qe7 121. Nf5 Qd7 122. Nf4 Qe7 123. Nf5 Qd7 124. Nf4 Qe7 125. Nf5 Qd7 126. Nf4 Qe7 127. Nf5 Qd7 128. Nf4 Qe7 129. Nf5 Qd7 130. Nf4 Qe7 131. Nf5 Qd7 132. Nf4 Qe7 133. Nf5 Qd7 134. Nf4 Qe7 135. Nf5 Qd7 136. Nf4 Qe7 137. Nf5 Qd7 138. Nf4 Qe7 139. Nf5 Qd7 140. Nf4 Qe7 141. Nf5 Qd7 142. Nf4 Qe7 143. 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THE TIMES

BUSINESS NEWS

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United States banks cut lending rates as loan demand weakens

From Frankfort, West Germany

US commercial banks have cut their prime lending rates to 12 1/2 per cent from 13 per cent.

General bank sources said the cuts do not reflect any easing in money policy.

They added that Federal Reserve Board governors are confident that there will not be pressure to sell dollars on the foreign exchange market as a result.

Chase Manhattan Bank announced a 1/4 per cent prime rate cut to 12 1/2 per cent.

Today did all other major banks follow suit.

Bankers said loan demand was weak, placing downward pressure on interest rates.

Also, there is political pressure on the banks to lower their rates.

Fed sources believed some banks have sought to widen their profit margins as short-term money market rates have increased.

Congressman Henry Reuss, chairman of the banking committee in the House of Representatives, welcomed today's move saying: "The banks raised interest rates faster and higher than was required, and they have been slow to cut them."

Senior Fed officials complain that the markets still pay too much attention to changes

in the rate for federal funds as an indication of Fed policy.

"Rates are bound to fluctuate as a function of the supply and demand for funds, and we are now just paying attention to bank reserves and ensuring that we live within our money supply targets," said one central banker.

Fed governors have been surprised that there has not been even greater volatility of interest rates.

Since they switched money management to prime concern on bank reserve levels on October 6.

They are aware that rate cuts can influence the dollar in the currency market, but one Fed official said "the dollar strengthened in 1975 as interest rates fell here. We are betting that the currency markets are going to pay more attention to the money supply numbers, than to changes in interest rates."

There is considerable confidence at the Fed now that maintaining current policies will lead to sounder money supply management and the maintenance of 3 per cent for example, in an annual growth band of 3 to 6 per cent. Yesterday the Fed announced a \$100m cut in M1.

Fed officials emphasise that they are determined to press ahead on their current course; even if the recession becomes quite severe. A source close

to the Fed said: "We are not under any White House pressure to ease policies and the Congress appears to be supporting our stance."

Mr Reuss, a highly influential voice in monetary affairs on Capitol Hill, said that Fed policy was "generally sensible" but he complained that too much attention is given to monetary policies and too little to fiscal policies in fighting inflation.

Absence of political pressures on the Fed to ease its policies largely reflects the latest inflation figures. Wholesale prices are rising at an annual rate of 15 per cent, while figures published today show that the recession has yet to affect employment. Unemployment fell last month to 5.8 per cent from 6 per cent.

Some Fed officials are surprised that the banks have not been very major users of the Fed's discount window, despite the recent high rates of federal funds.

Sources stress that under the board's new approach there is far more willingness than before to have discount rate flexibility.

The discount rate may change quite frequently depending on how the board's new approach works out. The amount of the discount window depends on the spread between the discount rate and the Fed funds rate.

\$250,000 options write-off at NatWest

By Alison Mitchell

The National Westminster Bank is taking steps to prevent its being exposed to any further losses on the European Options Exchange in Amsterdam.

Through its 25 per cent holding in the Dutch banking house Van Lanschot it has had to write off a £250,000 bad debt, and yesterday Mr Don Lefevre, senior international executive of strategic investment, admitted that NatWest was looking at the option rules to prevent any recurrence.

A link to the Dutch bank, the result of speculation by an over-ambitious investor, will leave the options side of Van Lanschot in loss during the current year.

The Amsterdam situation resulted from a breach in the Exchange rules. A member of the Van Lanschot securities staff allowed an investor to break the limit of 1,500 options in one market some 5,500 options in Royal Dutch-Shell were sold.

In the event the share price of Shell rose, and the buyers of 2,000 contracts demanded their shares. The investor, although having provided collateral of 300 per cent on the value of the options, was uncovered and as such could not come up with the stock. The bank borrowed shares to cover the commitment and bought back the option contracts, though at a higher price, to protect the other options investors.

Britain will refuse US request for lowering of oil import targets

By Nicholas Hirst

Britain will refuse any American request at the International Energy Agency meeting in Paris on Monday for a lowering of oil import targets to 10 million barrels a day and are expecting other members of the 20-nation IEA organization to offer similar cuts.

Mr David Howell, the secretary of State for Energy, said yesterday: "EEC members of the IEA have carefully worked out targets for 1980 and 1985, and we do not want to go back into them."

The Americans feel that the recession likely next year will make the Tokyo overall target of 24 million barrels a day too generous and it should be cut back. However, Mr Howell did

not foresee a row. "I do not see any question of a confrontation with the Americans," he said.

On the contrary, he thought it would be possible to impress on them that it was consumption cuts that mattered, not import targets.

However, there are substantial differences of opinion between the United States and United Kingdom delegations to the Paris meeting, which Mr Howell will attend. It appears the Americans consider Britain is dragging its feet over energy conservation.

The Americans were keen to hold the IEA meeting a week before the price fixing meeting of Opec in Caracas on December 17, to try to defuse the opposition.

Mr Howell, however, would rather have held the meeting later when the supply position for next year became clear.

The Americans are clearly very worried. The Iran situation

is getting no better and possibly more dangerous," Mr Howell said.

The need for consumption restraint was as strong as ever, but he said: "It is an illusion to imagine that at this stage it will be possible to have a moderating effect on the Caracas meeting."

If the consuming countries were serious about trying to influence Opec in the long term they would need to reduce consumption and find an effective way of monitoring cuts. If Opec supply fell sharply IEA ministers should meet again in the next couple of months to consider how this should be done.

The IEA meeting will also consider ways of dealing with the intention of a growing number of Opec countries, particularly Iran to sell oil on contract at a price below the spot market.

Brazil may devalue cruzeiro by 25 pc

From Brian Nicholson

Sao Paulo, Dec 7

A substantial devaluation of the cruzeiro and important changes in the handling of foreign loans were the two main moves likely in a package of economic and financial measures to be announced tonight by General Joao Baptista Figueiredo, the Brazilian President.

His statement is being made after the surprise announcement that all foreign exchange dealings are being suspended until Monday.

Despite official silence on the contents of the speech, bankers here speculate that the cruzeiro will be devalued by between 25 and 40 per cent.

The battered Brazilian currency has dropped by 55.5 per cent from its January, 1979 level of 208.5 to the United States dollar to today's 32.55.

But even this fall does not match the country's galloping inflation, estimated to top 75 per cent by the end of this year. There was also speculation that General Figueiredo may announce tougher controls

on consumption of petroleum products, even including petrol rationing.

A further strong rumour suggests that changes may be made in the so-called resolution 432, a measure introduced in May this year to allow companies voluntarily to deposit all or part of a foreign loan, in cruzeiros, with the central bank. The bank then pays the interest on the loan and corrects for exchange rate losses.

Since August government steps to reduce interest rates in the home market have created a situation where it can be more profitable for companies to borrow internally and deposit foreign loans.

The finance minister, Senhor Carlos Rischbieter, said earlier this week that the more than \$5,000m (about £1,920m) now deposited in this fashion was contributing to a net government loss in the region of \$3,600m a year, more than half of the country's total bill for crude oil purchases.

Other measures being discussed include changes in import deposits and export subsidies, together with rigid controls on public spending.

US insurers double rates for Gulf freighters

By Richard Allen

American insurance companies have followed the lead of Lloyd's of London by doubling rates for war-risk cover on oil freighters serving countries in the Gulf and the Gulf of Oman.

In the case of foreign vessels making stops at Iranian ports, rates have increased four-fold while underwriters are refusing to cover any war-risk cover for American flagships heading for Iran. In this case rates will be the subject of negotiation day-to-day.

Despite the increase, war risk cover remains a fractional cost when compared with normal hull all-risk cover, rates for which average about two per cent of insured values. Even the four-fold increase with regard to Iran-bound ships takes oil freighters serving countries in the Gulf and the Gulf of Oman to just 0.1 per cent of insured values.

Even so steamship companies say the fast rise in rates is creating a problem for ships serving the area. None is willing to concede, however, that premiums have increased enough to slow the movement of oil, machinery and other products in or out of the area.

There were rumours in Britain and the United States in August, that Iranian terrorists might attempt to scuttle vessels to block the Strait of Hormuz, the gateway to the Persian Gulf. Insurers then added a surcharge of 2.5 cents per each \$100 value of ship hull to their war-risk insurance.

Lloyd's of London and marine insurance companies in the United States raised the war risk surcharge on hull insurance to 5 cents for each \$100 value of vessels in the Persian Gulf area on November 22. This meant that a standard freighter valued at about \$15m would have to pay an extra \$7,500 on a 14-day voyage in and out of the risk area, up from \$3,750 in August.

Government to end cash aid for PLA

By Alan Hamilton

The Government has told the development of Port of London Authority that it can have no more financial aid after commitments promised by Labour have been used up.

The announcement, made in a Commons written answer yesterday by Mr Norman Fowler, Minister of Transport, is seen as a last chance for the PLA to achieve its target of becoming profitable by 1983.

There had been fears that even the present level of state aid, which is £10m a year, would be cut off, but the Government has been advised that it is bound to honour the promises of its predecessor.

PLA losses this financial year were originally estimated at £10m, but they are likely to be at least £12.5m mainly because of last winter's road haulage strike and the slump in world trade. Mr Fowler said the Government was not giving open-ended assistance to troubled ports.

The PLA will still be able to draw on the £35m Government grants for voluntary severance of surplus labour, although £22m has already been used up. The Government will also continue to underwrite 60 per cent of the PLA's commercial loans and a bank overdraft of up to £5m.

As already agreed, PLA loan repayments of £3m due in 1980 and 1981, are also being postponed.

The Government has turned down appeals for a capital re-construction of the PLA, which would have involved writing off much of the PLA's Government debt and allowing the PLA to reduce its balance by presenting parcels of surplus

port land-free of charge-for redevelopment.

Yesterday Mr Fowler said: "I have told the PLA there is no more money, and that they must chart a course that will get them back to financial viability within this limit. I shall seek an assurance that they expect to achieve this, and I shall expect them to alter their policies if they appear to be exceeding their limit."

"I know the financial limit we have set is tight. But I also believe it is possible, provided the port had been granted a period of probation to put its house in order."

Mr John Guckney, chairman of the PLA welcomed the clear statement of Government intent, and acknowledged that the port had been granted a period of probation to put its house in order.

But he sounded a warning that, because of the tight financial constraints, the port's management would have little room for manoeuvre, and risk the risk from a further downturn in world trade, industrial disruption in other industries, and other economic factors. Last winter's road haulage strike cost the PLA £1.5m.

Lower costs consume three-quarters of the Port of London's budget. In the five-year plan which aims to lead the port into profit by 1983, the PLA wants 1,100 employees to be reduced to 700.

The industry Commissioner told steel industry leaders that the industry in Europe was facing the most serious crisis that it had ever known.

But he emphasized that the commission was determined to provide a strong basis for the industry to survive.

"The commission has powers

Productivity must rise Rolls workers told

By Peter Hill

Industrial Editor

More than 60,000 workers employed by Rolls-Royce have been given a warning by Sir Kenneth Keith, the chairman, that productivity must rise or the company's opportunities are not to be thrown away.

In a message to workers Sir Kenneth said the aero-engine group had a full order book and a rapidly rising workload. It was the best chance the company ever had to lift itself out of the rut which characterized much of British industry.

"It is probably the biggest opportunity we have ever had, but it is also a major task for management and workforce alike. The opportunity which Rolls-Royce now has could be thrown away if our productivity does not improve dramatically," he said.

Seven years ago the company's turnover had been £37m and last year it increased to £763m. By 1983 the predicted turnover would be about £2,000m.

Sir Kenneth has been at the centre of the row over the relationship between the company and its former "parent"—the National Enterprise Board. Before the resignation of the

former NEB board, following the Government's controversial decision to shift responsibility for monitoring the company's activities from the NEB to the Department of Industry, Sir Kenneth Murphy, the former NEB chairman, had emphasized the need for a sharp improvement in company productivity levels.

The decision to transfer monitoring to the Industry Department is causing problems for Ministers and for Whitehall officials since the NEB still owns 100 per cent of Rolls shares. In a parliamentary answer yesterday Mr Michael Marshall, Under-Secretary of State for Industry, said the NEB's rights to exercise control were limited by the provisions of the 1975 Industry Act. Consultations were taking place between the NEB and the Ministry of Defence over monitoring arrangements for the interim period until the Industry Bill, now before Parliament, was enacted.

Mr Adam Butler, Minister of State for Industry, in an answer, said that in the intervening period there might be legal and practical aspects which would require careful consideration by both the department and the NEB.

Next week the Government will publish a draft of the revised guidelines for the NEB.

Italian oil chief suspended

Signor Francesco Cosiga, Italy's Prime Minister, has suspended the chairman of the state oil company ENI. An inquiry is to be held into alleged irregularities in an ENI oil supply deal with Saudi Arabia.

The inquiry is to be held by the National Enterprise Board. Before the resignation of the

technicality intended to facilitate the official inquiry, Saudi Arabia had said it was blocking oil sales to ENI because of its displeasure over "rumours and insinuations" about Italian politicians receiving bribes from ENI.

The Saudi deal signed in June

British Steel Corporation wins EEC backing for cuts in output and manpower

By Our Industrial Editor

Enforcement of the British Steel Corporation's plans for a drastic reduction of steelmaking capacity and cuts in employment level was given yesterday by Viscount Eithne Davignon, the EEC Industry Commissioner.

The forecasts of demand levels and capacity made by the British industry, he said, corresponded with the commission's view of the prospects for the EEC economy generally, and for the steel industry in particular.

His remarks, made at the annual luncheon of the International Steel Traders' Association, followed a scepticism earlier this week from some commission officials over the scale of the cuts.

The industry Commissioner told steel industry leaders that the industry in Europe was facing the most serious crisis that it had ever known.

But he emphasized that the commission was determined to provide a strong basis for the industry to survive.

"The commission has powers

under the Treaty of Paris and we will not stop our efforts in 1980, or afterwards, before the European steel industry is in a position to stand up to the competition from abroad, and to ensure the independence and autonomy we require," he said.

The commission earlier this week revealed its proposals for EEC steel production and consumption for the first three months of next year, and on December 18 the Council of Ministers is expected to ratify the renewal of most of the

measures for stabilisation of the industry under the Davignon Plan for 1980.

Viscount Davignon appealed yesterday for all parties involved in the problems of the industry—steelmakers, member states and the trades unions, to work together. He gave a warning that 1980 would be a very bad year for the steel industry and consumption of steel would fall against the background of poor economic prospects in most countries. There were no easy answers.

Truck plants bid intensifies talk of break up Sizing up Leyland's 'plum' assets

The possibility of a private sector bid for Leyland Vehicles—the bus and truck division—follows talk of offers for the Land-Rover and Rover divisions.

The Land-Rover and Rover divisions, divisions and once again intensifies the argument on whether there should be a full-scale break-up of BL.

The question, as always, revolves around whether or not the sum of BL's parts are equal to the whole.

Leyland Vehicles is one of the plums in BL, despite its recent disappointing record. It holds a strategic position in the European market and is only now set to reap the rewards of £200m spending.

For this reason alone current suggestions of price in the £150m to £400m range seem well wide of the mark.

Japanese producers, almost totally outside the United Kingdom bus and truck market at the moment could take the price up to over £500m, well above the £400m net asset value, in a full-blooded auction.

At the same time the Leyland board has always resisted such a hiving off. Even if it was convinced that such a move was an acceptable solution, the Government would want to see the division going to an outsider with the management strength and financial resources to ensure no future embarrassment.

Against this, arguments that trucks and buses are not relevant to the car business and that management time could be better spent on the car, rationalization programme, pale fairly considerably.

BL, of course, has its other jewels: Land-Rover, the components operations, Jaguar and possibly even Rover Triumph would attract considerable premiums, but this would leave an unease and an embarrassing slump in volume cars.

The break-up possibility is undoubtedly one of the options under consideration at the moment, and indeed the cynical view is that the Edwards restructuring could lend itself to this possibility as an ultimate solution.

The argument remains, however, that sale of BL as an integrated package would offer the better solution—not only in financial terms—if disposal became a serious option.

Richard Allen

PRICE CHANGES

Rises

broken BHI	15p to 535p
hartherall	5p to 631p
united Corp	4p to 51p
united Corp	15p to 614p
united Corp	15p to 465p

Falls

Irish	2p to 234p
Irish	4p to 51p
Irish	1p to 8p
Irish	5p to 71p
Irish	2p to 19p

THE POUND

Bank	Bank	Bank
buys	buys	buys
Netherlands Gld	4.44	4.21
Norway Kr	11.25	10.85
Portugal Esc	112.50	107.50
Spain Ptas	162.00	1.63
Sweden Kr	9.50	9.10
Switzerland Fr	3.72	3.50
USA \$	2.22	2.16
Yugoslavia Dnr	48.50	45.50

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Framlington's American & General Fund. By investing in them through AMEV you enjoy a number of advantages, including a regular income option, attractive switching facilities from one fund to another and life assurance benefits.

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Address

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PERSONAL INVESTMENT AND FINANCE

Building societies

High returns from insurance schemes

Can I introduce you to an investment offering about 22 per cent gross and as safe as the house you live in? It ought to be, considering that it is part of the building society industry saving repertoire.

Remarkably few investors who are drooling over the 15 per cent gross yields on gilts seem to have heard about building society insurance-linked schemes which at present are offering net—after tax—returns of between 15 and 16 per cent (slightly less for higher rate taxpayers).

Building society insurance-linked schemes are complicated regular savings packages which maximise the tax efficiency of both investment in life assurance and investment in a building society. In effect, the investor gets two dollops of tax concession on his money.

The investor takes a qualifying life assurance policy—which means that he qualifies for life assurance tax relief of 17 per cent on his premiums—which is invested in the building society. So for each £10 a month £12.12 is invested (less a little for statutory life assurance cover) invested at the attractive rates now being offered by societies, and subsequently taxed at the special life assurance tax rates.

These technicalities, however, need not concern the investor. All he should remember is that the way to maximise the return on these schemes is to cancel the policy after four years, although it is actually written over 10 years. Ten-year policies cancelled after four years are not subject to the "clawback" provisions which relieve the investor of some of

the tax relief he has enjoyed since he took out the policy.

The introduction of the clawback in 1974 did for a while depress the market for building society insurance-linked schemes. When they were originally marketed some ten years ago, the trick was to cancel the policies at the end of the second year—when the return was greater still.

Today, the yield after two years is still more attractive. This is because the longer the policy runs, the more the spread of the life assurance relief (only given on the current year's premiums) over the total sum invested. However, the tax relief clawback up to four years substantially waters down the return.

So it is four years for the best return although even after the full 10 years the return is still a respectable 11-12 per cent net. Life assurance cover ranges between 100 to 60 times (decreasing with age) the monthly premium, which is usually a minimum of £10. Some societies offer lump sum schemes and make regular transfers to the insurance schemes for investors.

The remaining questions are: which societies actually offer these schemes and why do all of them make it available? For despite the evident attraction of building society insurance-linked schemes their total value at the beginning of this year was £25m.

Three out of the five giant societies do not have linked schemes. The Abbey National did once, and may return in the new year to insurance schemes if it can find a new

angle to them. Nationwide, dismisses the schemes as too complicated. It is also heavily committed to term shares.

The Woolwich Equitable also gives the thumbs down to insurance schemes, leaving only the Halifax and Leeds Permanent to represent the big league.

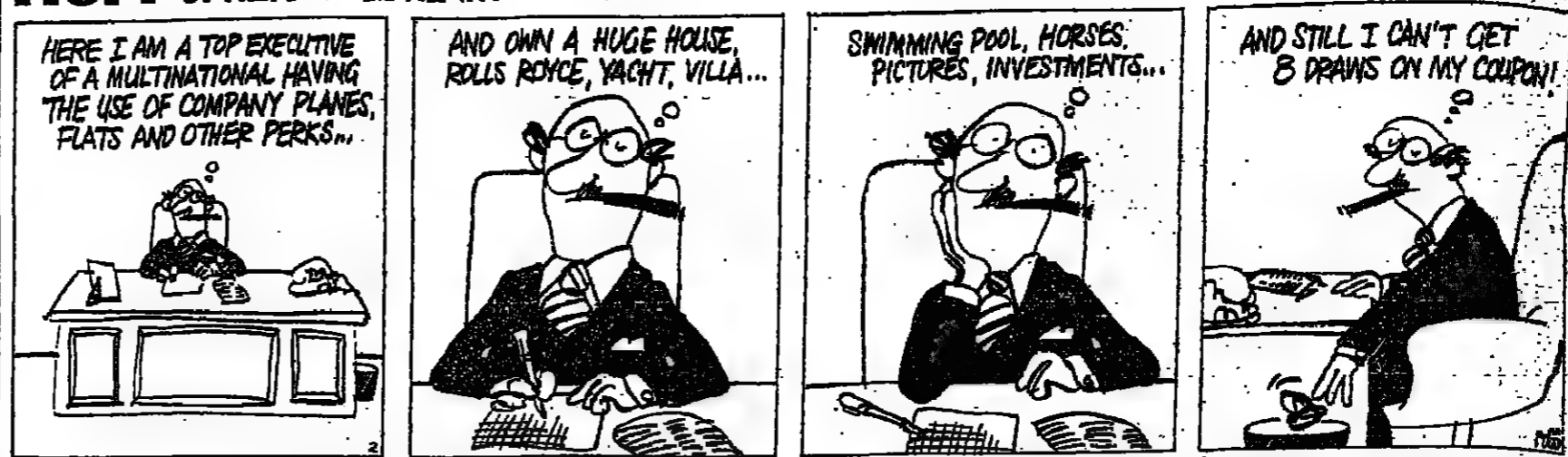
The market is dominated by the medium-to-large societies, notably Bristol and West, Bradford and Bingley, Town and Country and Midshires. Also, a good-sized clutch of smaller societies, including the Coventry Provident, Marsden, Bath, Dudley, Cotswold, Cambridge, North of England and Hemel Hempstead, offer insurance links.

The life assurance element is mainly provided by either Royal Insurance or Eagle Star, although Bristol and West, the market leader, uses the Equitable.

As the building society investment rate went up only on December 1, not all societies will have put out the literature and the newest rate structure for these complicated schemes. The rates will always vary in line with movements in the main building society interest rates. It will, however, pay to shop around a little. Not only are there differences in rates, but the terms also vary with age groups and some are more generous to those over 50. With house purchase savings in mind, it might be better to take out one scheme with a larger society and another with a smaller one which may pay more now but charge more for a mortgage later.

Margaret Stone

HOFF of HEYBRIDGE HEATH



Grouse

The Government trumped my ace on Thursday. A "Grouse" column was ready to be launched with a strong attack on British Savings Bonds which until then were being actively promoted by the Department of National Savings, despite the inadequate returns they offered to investors.

However, as part of the proposed Civil Service cuts, both British Savings Bonds and the special facilities offered to saving groups are to be axed.

It is a pity about the latter service, expensive to run as it admittedly was; but good that the Government even for reasons of self-interest, is withdrawing British Savings Bonds.

In days of rapidly changing interest rates the bonds, with a fixed rate of interest of 9 1/2 per cent plus a 4 per cent tax-free bonus if held for the full years, are a singularly inappropriate and inflexible form of investment.

Even allowing for the bonus, the gross equivalent yield is a mere 10.47 per cent—actually less than the tax paid return of 10.5 per cent on building society shares, or the same after-tax return on the National Savings Bank investment account from January 1.

What is infuriating, however, is that only two days before the axe fell, a conversion offer was announced for British Savings Bonds, which are due to mature between now and April, 1980. The conversion is into the same issue that the Government two days later announced as unfit for sale.

It is not uncommon for government's left and right hands to operate independently, but when such a blatant contradiction appears, one would expect some action to retrieve the situation. But no, the Government has not withdrawn the conversion offer: nor, at this stage, does it intend to.

Could it be, that it does not want to lose the money tied up in the existing issue of bonds? All bond holders will be circled by the Department of National Savings about the conversion offer before their bonds mature. There is little doubt that most of them will be more persuaded by that sales literature than they will by a Treasury pronouncement (if they read about it at all) that new sales of the same bonds are being discontinued.

If too little income tax has been paid

Through no fault of my own I had a underpaid income tax. I understand that if one's income is below £3,000 the Inland Revenue cannot recover an underpayment. Is this correct and if so would you please give further information? (JS, Upminster).

In certain circumstances the Inland Revenue waive arrears of tax either wholly or in part. One important condition is that the arrears arose because of a departmental error which involved the failure to make proper and timely use of information about his income or personal circumstances supplied by the taxpayer so that he could reasonably believe that his affairs were in order.

Another condition is that the taxpayer's gross income must be within certain limits and until recently there was alleviation of all the tax if total gross income was below £3,000. There was remission of half the tax where gross income was between £3,000 and £5,000 provided the taxpayer had no significant capital resources (which meant £500 worth or more of investment income).

However, the limits were raised on November 7, 1979, together with an improvement in the part relief rules. The position now is that where a taxpayer's gross income is less than £4,000 no attempt will be made to recover the arrears of tax. Where it is £4,000 or more but less than £5,000 only one quarter of the arrears will be collected; if £5,000 or more but less than £8,000, one half of the arrears will be collected; and if £8,000 or more but less than £10,000, three quarters of the arrears will be collected; where gross income is £10,000 or more there will normally be no remission. In addition, the level of investment income is now ignored.

I run a small toy shop and sometime ago sold a number of electronic TV games, each

Readers' Forum



with a one-year guarantee. A customer returned one of the games some 14 months after purchase, complaining that after using it for a time it was put away and brought out again some months later when it failed to work.

My supplier informs me that there is a defect in the electronic circuit and it is now impossible to obtain a replacement. I offered the customer a substantial allowance if he chose to buy another toy but he insists on a full refund of the total price. I would like to do what is fair and would appreciate your guidance on the law relating to product durability (JW, Croydon).

The fact that the guarantee period has expired does not mean that your liability under the Sale of Goods Act is at an end. This Act imposes a strict duty on all retailers to ensure that the goods they supply are of merchantable quality—i.e. fit for their purpose. The fact that you could not yourself have known of a latent defect in the toy is no defence. As it cannot be repaired it is now valueless to the buyer.

The question of product durability is always difficult but it would be reasonable to

This specialist readers' service has been compiled with the help of John Drummond, Vera Di Palma, Ronald Irving and Eric Brunet.

expect that such an item, with normal use, should last some two or three years. There is no suggestion that it has been used excessively or misused. Unless you can replace the game it would be fair (and if you were sued the judge would probably order you) to give the buyer his money back.

I gather that the British Insurance Association has published figures which give detailed advice to householders on the amounts for which they should insure their houses. Could you tell me whether every insurer insists on houses being insured for their full rebuilding costs or will some insurers accept the market value—which is often lower? (MEP, Cardiff).

Almost invariably insurers insist on working on the cost of rebuilding. Admittedly, few claimants for a total loss involving rebuilding, but that is how they calculate their premiums.

One exception from the usual rule is a fairly small office. Northern Star Insurance. It does not require any sum insured and simply calculates the premium according to the floor area, or even the number of rooms.

I am having a great deal of difficulty getting a clear answer to what seems to me to be a simple enough question: it concerns pensions. Up to about three years ago I was a self-employed person and paid premiums into a personal pension policy. I then became an employee and still am. I am still paying premiums into the personal pension policy. This is the question: are these premiums exempt from income tax? I have no income as a self-employed person now. My employer is contracted-in to the state pension scheme. I would be glad of your help over this as I am naturally anxious to make proper provision for retirement. My salary as an employee is £4,500, am 38 and married (AEA, Hampshire).

Personal pension policies often called "self-employed pension policies", are in fact available to anyone who is not a member of an occupational pension scheme, whether he is employed or self-employed. If you are not a member of a pension scheme or arrangement run by your employer, therefore, you are eligible to continue to contribute to your personal pension policy and to continue to receive tax relief on your contribution up to 15 per cent of your pay. You should just enter the amount of contribution in your tax return in the appropriate section and your tax inspector should allow the relief. If your insurance company send you a certificate each year (this depends on the type of policy you hold) send it on to him.

If you are (or become) a member of an employer's pension scheme, contracted out arrangement (including a one-man arrangement), you must discontinue contributions to your personal pension policy, but can receive benefits already bought in by contributions you paid before you joined the scheme.

RETURNS AFTER FOUR YEARS FROM SOME BUILDING SOCIETY INSURANCE-LINKED SCHEMES

	30%		40%		60%		75%	
	Net	Gross equivalent	Net	Gross equivalent	Net	Gross equivalent	Net	Gross equivalent
Bristol & West								
18-30 years	15.84	22.34	14.99	24.08	13.83	34.58	12.95	51.80
31-40 ..	15.16	21.68	14.57	24.28	13.48	33.73	12.88	50.72
41-65 ..	14.68	20.80	14.10	23.57	13.14	32.85	12.40	48.80
Bradford & Bingley								
17-40 years	15.72	22.45	15.13	25.1	13.84	34.85	13.03	52.12
41-65 ..	14.81	20.87	14.12	23.53	13.14	32.85	12.39	49.58
51-55 ..	13.47	19.24	13.09	21.81	12.33	30.82	11.75	47.00
Midshires								
13-40 years	16.27	23.24	15.84	20.80	14.34	35.85	13.35	53.40

Round-up

Britannia backs off • disabilities

Britannia Arrow has decided not to go ahead with its counter bid for Dayman Day, the merchant banking parent of the Target unit trust and life assurance group. It has not proved possible, the board says, to find a proposal in the best interests of Britannia shareholders.

Britannia is showing excellent performance with its specialist funds this year and unitholders will possibly be glad that the deal with Target, which could have led to indignation, is off.

• The Disability Rights Handbook for 1980 is a most useful publication, giving a guide to income benefits and certain aids and services for handicapped people of all ages. There is also a section on appeals procedures. It is available from the Disability Alliance, 1 Cambridge Terrace, London, NW1 4JL for £1.

• Carliol Unit Fund Managers

are merging the Carliol Unit Fund with Carliol High Yield Fund. The former offer documents were published yesterday. The capital value of individual holdings should not change and the issue of units in the High Yield Fund will not constitute a disposal for capital gains tax purposes. Unitholders of the Unit Fund should enjoy a higher income as a result of the merger.

• Permanent health insurance is always a difficult subject where women are concerned. In the past, insurance companies have come under attack for their stand in charging higher premiums for women—who appear to have a higher morbidity than men. But NEL (the acronym for National Employers' Life) is offering the same rates to women as men with its new PHI plan called Income Protection Plan.

• Abbey Unit Trust Managers, the unit trust arm of the biggest linked-life assurance company, Abbey Life, is flexing its muscles again. Only last week it came out with an International Bond. This week it is offering the Abbey American Growth Trust, something it believes that any self-respecting unit trust group ought to have in its wardrobe.

• Shareholder perks acquired a new dimension last week when Industrial and General Trust, part of the Touche Ramont investment trust management company group, acquired a perk for all its 16,000 shareholders by virtue of the trust's holding in Trusthouse Forte. The shareholders will get a special 10 per cent discount on purchases of Trusthouse Forte lease gift cheques. It is not much, but it is a beginning.

Unit trusts

A new look and more categories

Today we reintroduce our unit trust tables in a different form. The computer print-out away once a month on our behalf and the figures published will appear from now onwards in the first two weeks of each month.

This means that the four most volatile sectors—where the list has been further subdivided—will be completely up to date

when they appear. The General oriented portfolios can at

present take pleasure in the exercise. The statistics are now being prepared for us by Planned Savings, the monthly magazine devoted to savings and investment through the medium of managed funds.

There are changes in presentation. Rather than give percentage changes, the tables now

give figures showing how much

£100 is now worth if invested a year ago and three years ago, included reinvested income.

Those who prefer percentages need simply subtract 100 for values over 100. For values less than 100 subtract the figure from 100 to obtain the percentage fall.

Unit trust performance

SPECIALIST		A		B	
Britannia Minerals	199.9	223.8	223.8	223.8	223.8
Britannia Oil & Gas	150.7	216.6	216.6	216.6	216.6
Britannia Energy	170.3	208.4	208.4	208.4	208.4
S&P 500 Index	132.1	198.0	198.0	198.0	198.0
Chicago Basic Resc	151.7	204.3	204.3	204.3	204.3
Key Energy Index	151.1	204.3	204.3	204.3	204.3
Andros/Gilman Res	151.3	204.3	204.3	204.3	204.3
New Lrt Energy Res	136.3	195.5	195.5	195.5	195.5
Target Commodity	136.2	192.3	192.3	192.3	192.3
Britannia Com Share	135.4	219.9	219.9	219.9	219.9
S&P Commodity Share	135.4	219.9	219.9	219.9	219.9
Target Commodity	130.1	199.6	199.6	199.6	199.6
G&W Comd & Gen	128.5	215.9	215.9	215.9	215.9
Allied Mid-Mkt	122.5	192.9	192.9	192.9	192.9
Midland Drayton Com	120.9	196.3	196.3	196.3	196.3
Arbuthnot Com Share	111.0	199.5	199.5	199.5	199.5
FINANCIAL					
Schlesinger Prop Shrs	125.1	232.5	232.5	232.5	232.5
Britannia Prop Shares	123.3	232.5	232.5	232.5	232.5
Earthly/Unim Fincl	110.5	205.4	205.4	205.4	205.4
Henderson Fincl & ITU	117.5	205.4	205.4	205.4	205.4
Arbuthnot Gt&F	109.1	168.6	168.6	168.6	168.6
Target Financial	108.6	185.9	185.9	185.9	185.9
Hill Samuel Fincl	107.8	183.3	183.3	183.3	183.3
London Wall Fin	106.3	183.1	183.1	183.1	183.1
Kleinwort Bros Fin	106.2	183.1	183.1	183.1	183.1
Oceanic Financial	106.2	183.1	183.1	183.1	183.1
James Finlay Int	103.9	176.5	176.5	176.5	176.5
Nat Wes Financial	102.8	158.1	158.1	158.1	158.1
Target Preference	102.8	158.1	158.1	158.1	158.1
Tyndall/Preference	101.3	159.5	159.5	159.5	159.5
Britannia Int Fd	100.4	169.7	169.7	169.7	169.7
Schlesinger Prf & Glt	100.4	169.7	169.7	169.7	169.7
S&P Fds	100.2	163.5	163.5	163.5	163.5
S&P Financial	99.7	153.2	153.2	153.2	153.2
Cabot Prf & Glt	98.6	147.6	147.6	147.6	147.6
Arbuthnot Fin & Prp	98.4	167.0	167.0	167.0	167.0
Target Glt	98.4	129.4	129.4	129.4	129.4
Earthly/Unim	97.7	157.0	157.0	157.0	157.0
Key Fixed Interest	96.2	113.5	113.5	113.5	113.5
Arbuthnot Prf	95.5	129.6	129.6	129.6	129.6
Schlesinger ITU	93.4	124.9	124.9	124.9	124.9
S&P ITU	91.9	154.9	154.9	154.9	154.9
Target Inv Trust	94.3	176.9	176.9	176.9	176.9
Abbey Inv Trust Fd	90.3	144.5	144.5	144.5	144.5
Practical	90.7	147.6	147.6	147.6	147.6
OVERSEAS					
Schlesinger US S Co	132.3				

Henderson/Australia	129.8	168.1
Antony Gibbs Amer	126.2	168.1
Bishopsgate Inter	123.7	173.9
M&G/Australia	123.3	149.8
M&G Far Eastern	122.6	172.2
James Finlay Inter	121.8	133.6
Cabot Amer S Co	121.2	
Target-Scott Amer Eagle	119.9	152.9
M&G/European	118.2	141.4
Britannia N Amer	117.2	111.9
GTUS General	116.2	118.4
S&P/US Growth	115.8	107.5
A-Hamro/Sec Am	115.7	118.5
M&G American	114.2	118.7
Franklin Amer	113.9	
Chieftain Amer	113.7	
Crescent Amer	113.6	137.0
Chieftain Inter	113.4	133.8
Craigmount N Amer	112.4	
S&P/South E Asia	112.2	
Franklington Int Grh	112.2	224.5
Oceanic Overseas	111.7	109.9
GT Winchester Overse	111.7	140.7
Security Sel Unit GR	111.0	149.2
Gartmore Amer	110.3	108.2
Arbuthnot Foreign	110.1	120.5
Barclays/Unic Aus	110.0	145.7
Schlesinger Amer	109.9	101.7
Arbuthnot N Amer	109.8	111.1
Bridge Amer & Gen	109.3	
Antony Gibbs Far E	108.6	
Arbuthnot East & In	108.6	145.4
Gartmore Inter	108.1	117.6
Antony Gibbs		
F. East & Gen	107.9	110.8
Britannia Far E	107.8	138.1
GTUS General	107.3	166.9
Rowan America	106.5	113.2
Stewart Amer Fund	106.3	118.1
Target/Pacific	106.2	100.7
World World Grh	106.2	108.2
Schlesinger Inter	106.7	106.7
Crespeon/Europe	105.1	125.0
Hill Samuel/Dollar	104.6	112.9
Britannia Int Grh	104.2	125.0
Mercury Inter	104.2	125.0
NPI Overseas	103.8	112.3
Crespeon/Growth	103.8	100.9
Crespeon/Lnd&Brus	103.2	129.4
S&P Select Inter	103.0	140.8
Bridge Inter	102.7	137.3
L&C Inter & Gen	102.7	137.3

New Court Inter	101.6	100.9
S&P Universal Grh	101.4	122.4
Henderson/Europe	100.9	167.2
Crescent Inter	100.8	132.6
Barclays/Unic Am	100.8	89.9
Capel N Amer	99.1	
Henderson/Inter	98.9	149.5
Henderson/N Amer	98.6	181.4
Gartmore F Eastern	97.2	137.5
Mayflower Inter	96.6	178.2
Hill Samuel Inter	96.0	117.3
S&P/European Grh	94.6	118.2
J Finlay Euro Fio	94.4	116.2
Barclays/Unic World	94.4	105.6
Chieftain F Eastern	94.0	
London Wall/Inter	92.3	108.7
Ridgfield Inter	91.0	
N&W/Unic Fd	89.1	
A-Hamro/Pacific	88.5	129.3
MJ European	88.6	108.7
Schro		
Corex/Stockhols	86.2	116.6
Capel Fd Amer	84.4	108.7
CJ Japan & Gen	81.1	134.8
Midland Drayton Javn	79.2	75.1
Henderson/F Eastern	75.1	112.4
Capel Fd Amer	73.6	108.7
M & C Japan	72.6	96.8
Midland Drayton Javn	69.2	83.8
M & F/Japan Growth	68.0	
GROWTH		
	A	B
Henderson/Cap Grh	131.3	269.1
BT Capital	127.3	213.8
Capel Grh	125.9	299.0
Chiesinger Spec	125.2	
Capel	123.3	297.2
Antipatria Prof	122.7	206.5
Antipatria Prof	122.7	206.5
M&G/Cos Growth	121.7	168.8
M&G/Magnu	121.0	184.6
Capel	120.6	262.8
M&G Smaller Cos	119.1	263.2
Chrochromer Wagg/Cap	114.4	187.4
Bridge Capital	112.5	194.4
Capel Priv	110.7	190.6
Hamilton Capital	110.0	92.6
Antipatria Ceth	109.7	176.9
Antipatria Cap	109.3	177.2
Antipatria Wagg/Cos	109.3	177.2
Chrochromer	108.0	177.7
Provin Life/Profitic	108.7	185.9
Antipatria Life/Cos	108.7	193.8
Antipatria Univ Acc	108.7	193.8
Antipatria Law	108.7	193.8

EDITED BY MARGARET STONE

Christmas gifts

Passports to pleasure...

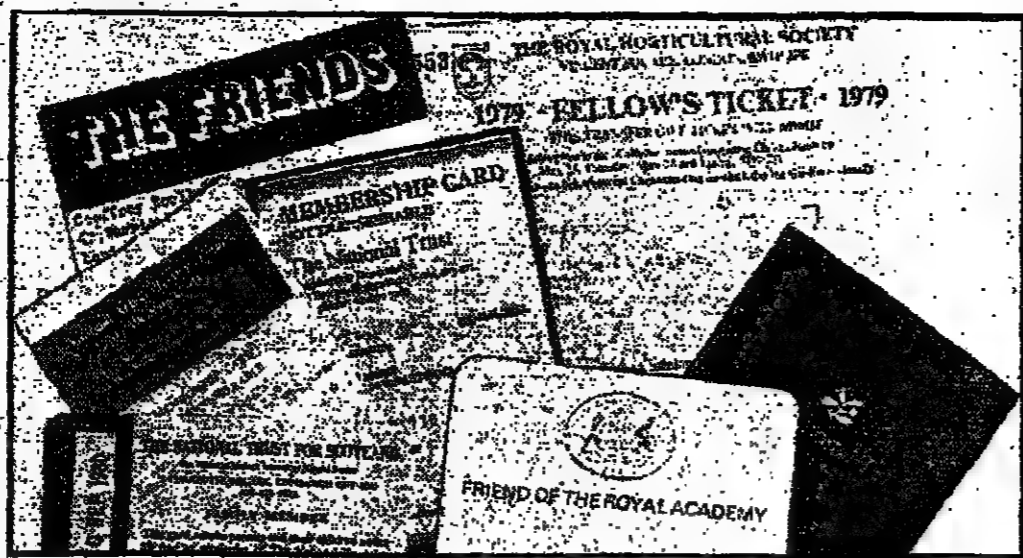
There are thirteen shopping days to Christmas, including today, and only the very keen will have by now completed their shopping list. Yet that last-minute sweat round the shops can be avoided if you are giving a present to somebody with a well-established hobby or interest in art, opera, or gardening, for instance.

The answer lies in the multiplicity of membership schemes offered by Britain's cultural and scientific bodies. For example, for instance, that your spouse is a keen gardener. For £10 you can buy him or her a year's membership of the Royal Horticultural Society, along with plenty of privileges. These include free entry to the society's shows at Westminster and to the Chelsea Flower Show; free entry with friends to the society's gardens at Wisley, Surrey; use of the society's London library; and a copy of its monthly magazine. The true cash value of these concessions, if all are taken up, is about £25.

The "value" does not include access to the wealth of horticultural expertise and advice given free to members or the fact that entrance to shows is gratis for friends and family. Donor membership, for £16, will allow husband and wife entrance to all shows, including the Chelsea Show, where the public admission fee can be as much as £5 each.

A similar bargain is on offer for those whose interest is art, through the remarkably successful Friends of the Royal Academy, founded three years ago. A £10 annual subscription (£12.50 from January 1) earns free and immediate admission for two to Academy exhibitions, including the Summer one. That means that art lovers need not queue and stand that they can visit the exhibitions with friends, as many times as they wish.

In addition, there is a special room available to Friends, described by an Academy



spokesman as "an oasis in Piccadilly", where they can sit, read the papers and have coffee.

Other benefits are a reduction on the Academy's catalogue—for instance, a price of £4.20 for one selling to the public at £5.25—admission to several private viewings, and access to the unique expertise on paintings that the Academy and its library can offer. Pensioners, children, teachers, and some other categories can get all this for a lower fee of £7 a year and the savings on the normal admission cost are remarkable.

Should you have an artist friend, there is the artist subscriber membership at £17.50 a year (£22.50 in 1980) carrying the same privileges and three extra ones. This subscription provides free subscription forms (otherwise £7.50 each) for the Summer exhibition, constructive help and advice and artists' materials at a discount.

The National Trust offers an attractive Christmas present for

the individual or the family at £7 for single membership and £14 for family membership a year, and a fee of £3 for those under 25.

This card admits members to numerous National Trust properties for nothing, while members of the general public will have to pay from 20p to £1.50 each to get in.

Another gift would be to make someone a Friend of Covent Garden, which will cost £12 for a year's full membership or £5 for those under 25. Members can attend special lunch-time lectures and certain dress rehearsals and receive the Friends' magazine four times a year. It will not, though, give them any discount on their tickets for a full-scale opera performance, although they will have priority in the ticket queue.

The Tower of London, which is raising its entrance fees next year, also runs a membership scheme. And there are other examples—the London Zoo, the various Royal and National Theatres and a remarkably wide

selection of learned institutions. Even the Government enters into the spirit of it. You can make a gift of a £3 season ticket which allows the recipient free access to the ancient monuments in the care of the Department of the Environment. From January 1 this will go up to £4.

Wherever one looks, there are subscriptions to be given which will surely satisfy the interests of most of your friends. Unlike many of the other Christmas goodies, too, they will last a whole year.

Addresses: Royal Horticultural Society, Vincent Sq, London SW1P 2PE. Royal Academy, Burlington House, Piccadilly, London W1. The National Trust, 42 Queen Anne's Gate, London SW1. The Royal Opera House, London WC2. The Department of the Environment, Department E, Room G1, 25 Savile Row, W1X 2BD.

Roger Beard

Through dark broad seas of gloom we sailed this week, and already one or two City mates are crying "land ahoy". Land ahoy, my foot. I spy only shoals.

Gilt-edged looks ever more sickly and, without an enduring turn for the better, ordinary shares stand little chance. The war of nerves between Iran and the United States and oil exporters getting out of dollars and into German marks and Swiss francs are dashing hopes of useful interest rate cuts in America.

At home, a growing chorus of commentators is now sceptical of the Chancellor's chances of controlling inflation through monetary weapons alone. The National Institute of Economic and Social Research is once again warning that the Government's policy came out at the beginning of the week. More and more stockbrokers agree with them.

This body of City opinion will want to see the Chancellor bring in fiscal controls to support his flow-acting monetary ones, before thinking of calling the gilt-edged turn.

Not surprisingly, shares drifted, and the FT index moved from 420.7 to 415.6. If this is a slippery slope, then at least

Investor's week

Market drifts down the gentle slope

MAIN CHANGES OF THE WEEK

Year's high	Year's low	Company	Change	Comment
187p	80p	Cannock	8p to 148p	Good int report
87p	33p	Johnson & Firth	5p to 41p	Better than expected
243p	138p	Ladbroke	4p to 148p	Casino troubles discounted
810p	410p	Macallan-Glen	70p to 805p	Bid for Highland Dist
113p	84p	Stockdale	4p to 108p	Rhodasia settlement
430p	320p	Ferranti	27p to 357p	Bad prospect recedes
450p	311p	QEC	15p to 325p	Int profit drop
280p	136p	MR Electric	20p to 143p	Subsid on 4-day week
278p	186p	Racal	26p to 185p	Int disappoints
388p	208p	Pittlington	45p to 208p	Rights: poor profit

it is a gentle one. That is what the market apparently thought about the week's company news, with some excuse.

If the market that is to happen to 1980 like GEC and Racal is that they get more lost (interest profits, please) we can all sigh with relief. Ladbroke's loss of

three casino licences hardly blights the rest of the market, except other casino shares. Wood, textile group, Ellsworth Morris reported halving losses but it maintained the dividend; Whessoe, now ex bid and with possible legal wrangling over a foreign contract, can

be dismissed as a "special dividend" that is a special dividend and Pittlington was thought to be stupid rather than anything else for combining a cash call with poor profits.

Indeed, some of the blame for the FT index drop can be put on Thorne which has joined the index in place of EMI. The shares slumped, still on worries about what an expensive acquisition EMI will probably be.

There is, however, one snag. The losses, missed dividends and bankruptcies are all to come. And whatever the Chancellor does in his next Budget, businessmen want to know where they stand on deferred tax, a large item in profit and loss accounts.

Recession will prompt many managers to cut down on stocks and plant; but only allowances on stocks and plant allow many companies to treat corporation tax as a joke.

But the market is wholly bleak. One small group of investors will probably have their merriest Christmas ever this year. Holders of Rhodesian bonds have seen their stocks blue with delight as the prospect of peace in Zimbabwe Rhodesia genuinely beckoned.

Peter Wainwright

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Small buying after hours

Fears of a bad set of banking figures next week left shares on the Stock Market in a state of limbo for most of yesterday as the first of the long, three-week accounts drew to a close.

Business in after hours took a turn for the better, with dealers reporting that bear-closing had encouraged investors and pockets of buying had been experienced.

After opening the day 0.5 down, the FT index went into reverse after lunch and by 3 pm it was 0.1 up. It went on to close at its highest point of the day, 3.9 up at 415.6. A net fall on the week of 5.1.

Gilt-edged remained dull with shorts closing a 1/16 to 1/2 off, while long bonds showed losses of 1/4 to 1/2.

Leading industrials were one sector to improve after hours, with ICI 7p better at 360p and Glaxo 5p firmer at 423p. Becham rose 3p to 118p, Pison put on a couple of pence to 234p and Unilever were unchanged at 452p. Only Pilkington Bros resisted the trend, dipping 5p to 205p on further reflection of its cash-call to shareholders.

Attention on the bid scene

Escates & Agency Holdings are now 96p. Recently they were run up to 135p. The group, essentially a vehicle for the property talents of Mr David Lewis, who built up Cavendish Land (taken over by Legal and General), and Mr John Rosefield, is thought to have several interesting deals on the way, enough to push asset value up to around 130p a share.

was firmly focused on Tricentral's £43m bid for Cableform, which returned from suspension 15p higher at 87p. Montfort (Knitting), where Palma Textiles and David Dixon are bidding for control, shed 2p to 87p, while Highland Distillers, fighting off the bid from Biram Walker, remained unchanged at 142p.

Speculative interest surrounded United Gas, 5p higher at 67p, despite denials by the company that it had received an approach from Hanson Trust or any other company. Among companies reporting, Brahm Miller fell 2p to 15p and Geo Bassett shed a penny to 79p following their interim

reports, while trading statements were good for a 6p rise to 156p in Wagon Industrial and a 1p increase to 100p in Jonas Woodhead.

GEC recovered following its interim figures on Thursday, rising 7p to 325p and Rasch remained firm at 195p.

Secondary electrical shares were weaker, although MK Electric at 143p regained 4p of its earlier losses after news of one of its subsidiaries going on a four-day week. But Standard Telephones were 8p lower at 236p and Electronic Rentals were 6p lighter at 100p.

Oils were better after hours, on reports of further price increases by OPEC in a few weeks' time, with BP 2p lower at 386p, after 360p, and Shell 2p up at 334p. Oil Exploration were 10p better at 640p and Lasso expanded by the same amount to 343p.

Equity turnover on December 6, was £93.345m, 11.76 bar gains. Active stocks yesterday according to the Exchange Telegraph, were Racal, GEC, ICI, Lasso, Thorne, Marks & Spencer, Barclays, Oil Exploration, Thomas Tilling, Pilkington, Ladbroke, RTZ, Town and City and Highland Distillers.

Latest results

Company	Sales	Profits	Earnings	Div	Paid	Year's
£m	£m	£m	per share	pence	date	total
Geo Bassett (1)	36.8(1.5)	0.23(1.5)	—	1.6(1.6)	11/2	(6.4)
Bishop's Stores (1)	73.5(64.3)	0.8(0.4)	—	1.0(1.27)	—	—
Rich Textiles (1)	11.2(1.7)	0.8(0.7)	2.66(2.64)	0.6(0.37)	7/1	(2.11)
Carr's Milling (1)	33.3(26.06)	0.8(0.55)	16.1(18.9)	2.5(1.96)	16/1	3.5(2.92)
Cattle's (1)	29.5(21)	0.52(0.79)	—	1.0(0.95)	—	(2.1)
Cowdells (1)	134.7(105.2)	5.39(3.5)	5.39(3.42)	1.4(0.54)	31/1	(2.77)
Ellington (1)	2.4(2.3)	0.2(0.17)	—	1.0(1.5)	—	(2.15)
Elliot Pporough (1)	10.23(8.39)	0.47(0.4)	—	0.5(0.25)	23/1	(1.0)
Ellington (1)	4.94(4.76)	0.15(0.37b)	—	—	—	—
Keynote Ltd (F)	—	1.05(0.64)	—	5(4.5)	1/2	7.5(6.5)
Leeds (1)	5.1(5.38)	0.3(0.2)	—	1.5(0.87)	—	(1.55)
Lennons (1)	38(31)	0.3(0.3)	—	0.73(0.47)	22/1	(2.2)
Macaulay (1)	9.99(8.84)	0.11(0.03)	—	0.35(0.31)	—	(2.77)
Wagon Ind (1)	20(18)	2.0(1.8)	20.67(20.23)	4.0(3.5)	23/1	—
Warrington (1)	3.78(3.7)	0.31(0.1)	—	0.31(0.1)	31/1	(3.32)
Wood & Sons (1)	2.57(2.29)	0.21(0.24)	—	0.7(0.67)	19/1	(1.67)
J. Woodhead (1)	33.9(30.2)	1.6(2.5)	8.6(14.4)	1.5(1.37)	18/1	(3.8)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown gross. To publish gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings share net. a = excludes special dividend of 2.75p; b = loss.

Engineers slow

Jonas Woodhead

The engineering strike made its impact on Jonas Woodhead's profit during the first half, and cost at least £750,000.

Although group turnover rose by 12 per cent to £33.9m, pre-tax profits dropped by 25 per cent to £1.8m in the six months to September 30, 1979.

Mr E. S. Simpson, chairman, said that he had reported a 20 per cent increase in turnover during the first quarter at the AGM but the downturn came after the strike with the start of the strike. "All areas of the group were seriously disrupted and the dispute caused stocks to rise with a consequential increase in borrowing, so adding to our costs."

Sections of the automotive pre-tax division also did poorly and the cost of operations has been reduced.

Belhaven briefing

By Ronald Faux

The bid by Mr Eric Morley for a substantial stake in the Belhaven Brewery group was defended yesterday by company directors. The "renewed annual meeting at Dunbar was told by Mr Ronnie Aitken, the company's fourth chairman in as many months, that Mr Morley would bring benefits to the company.

Mr Morley, the former Mecca chief, will head the Belhaven board jointly with Mr Aitken, and become chief executive. He will be joined by Sir Fred Pontin, head of the holiday camp group, and Mr Trevor Baines. The newcomers to Belhaven plan to inject £200,000 into the company. They will own 17.3 per cent of the shares if the restructuring is approved by an extraordinary general meeting in Edinburgh next month.

Mr Aitken said shareholders would have to wait for answers until he had completed a full examination of the company's accounts. Another shareholder asked if legal action should not be considered.

Taxation

Are you better off self-employed?

"If I could arrange to be self-employed, surely I should be much better off than I am as an employee?"

Not many of us have the choice but there are borderline cases where it may be possible to adjust the real position in either direction. Then your status is determined by the Inspector of Taxes according to the facts in your particular case.

Much will hinge on the extent that you have what is rather quaintly known as a "master-servant relationship" with the person for whom you provide services. For instance, how much control does the company have over your working conditions? Are you forbidden to accept work unless you have

its consent? Do you have only one or two sources of earnings?

If the answer to most of these questions is "yes" then the Inland Revenue will probably treat you as an employee, taxable under Schedule E.

However, if you can organize your work in such a way that you could arrange to be either employed or self-employed, what factors should you take into account in making your decision?

An employee is taxed under Schedule E on all the "emoluments", salary and fringe benefits, from his employment. Many perks, such as company cars and free petrol for private use, are usually worth substantially more to the employee than the equivalent amount of

fully taxable salary. Tax is deducted at source under the Pay As You Earn system (PAYE) by the employer in the year in which the earnings are received.

By contrast, one of the advantages of being self-employed and taxed under Schedule D arises from basing your tax liability this year on your income for last year. If your income increases each year as it normally would under inflationary conditions, then you should have a comfortable cash-flow advantage over the employee.

Conversely, of course, you could encounter a nasty cash-flow problem if your income drops and you have not provided for the higher tax level based on your previous year's income.

The rules which govern a self-employed person's trade on his first year are generally advantageous and provide several opportunities for tax planning. However, a switch to a current year basis is being contemplated in order to bring self-employed people into line with companies and employees.

A further disadvantage of employment is that any expenses claimed against tax have to be incurred wholly, exclusively and necessarily in the performance of your duties. On the other hand, when a self-employed person is calculating his taxable profits for the year, he can deduct expenses which are only wholly and exclusively used for business purposes—the word "necessarily" does not apply. So it is generally much easier for a self-employed person to justify his expenses.

But there are several rules which favour the employee. For example, if you travel to work in a company car which you use "substantially" for business purposes (normally over 10 per cent of total mileage), your employer could pay the petrol for all your private mileage without increasing your tax liability.

Your pension scheme could also be a decisive factor, particularly if you are nearing retirement. An employer can make substantial contributions towards a pension scheme, whereas self-employed people are much more restricted in the

amount which they can contribute each year into a personal pension arrangement.

National Insurance contributions and benefits must also be taken into account. If you are self-employed, you pay a lower overall level of National Insurance contributions—and get lower benefits. A self-employed person cannot participate in the state pension scheme and is not entitled to industrial injuries benefit, unemployment benefit or earnings related sickness benefit.

If you are a self-employed person with an income (including expenses which are invoiced on to clients) totalling more than £10,000 per annum, you will have to register for value added tax. It does not involve extra cost in itself, but the bookkeeping and other paperwork could prove to be a time-consuming irritation.

It is also worth remembering that employees are strongly protected under employment law and a self-employed person is much more vulnerable, even though other contractual arrangements can be made.

The decision whether to be self-employed or not is not cut and dried. The more advantageous rules for expenses probably cloud the issue and make self-employment sound more attractive than it really is. And a knowledgeable and cooperative employer is essential in order to arrange employment which is effective from a tax point of view.

One way of getting the best of both worlds might be to form your own company, but the expense can usually only be justified if your profits are at least £20,000 a year, and there are a number of other factors to take into account. The position will vary from one person to another and it is essential to take professional advice in this complicated area.

But, if forced to make a generalization, it would seem that where you can arrange substantial fringe benefits, Schedule E employment may well be preferable to self-employment.

Danby Bloch and Raymond Godfrey

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Shoparound with Beryl Downing Shoparound with Beryl Downing Shoparound with Beryl Downing Shoparound with Beryl Downing Shoparound with Beryl Downing

I had no idea, when it moved from central London to the country last year, that the natural covering of the earth is not concrete, but weed. So it was a delight and a revelation to become a member of the Royal Society for the Protection of Birds and be asked to keep part of the garden wild so that there would be berries and bits for the pecking.

To have my natural laziness given a royal society seal of approval was no good an opportunity to miss and I now have blue tits, robins, moorhens, doves, blackbirds—and the best crop of ground elder in Britain.

Now the Radcliffe Manor Herb and Butterfly Farm have taken this idea a step further and have produced a kit to encourage the accidental of butterflies. It contains six pre-planted tubs of seeds so that you can grow flowers which will attract the Peacock, Orange Tip, Small Tortoiseshell and Comma butterflies. A charming idea in a pretty box for £2.45 from branches of W.

H. Smith and Boots or, for an extra 30p postage, direct from Radcliffe Manor Herb and Butterfly Farm, Buckingham.

Also for flower people, the superbly produced Conscience Spray book of Flower Arranging by Harold Piercy, principal of the Conscience Spray Flower School since 1958. It is packed with colour photographs of arrangements for each season and includes advice on containers, on planning a garden of flower and foliage suitable for cutting and on dealing with problems like stems that bleed and others that smell. Looks expensive but isn't—£2.25 from branches of Marks and Spencer.

You may also like to consider giving a regular supply of flowers, perhaps to someone who no longer has a garden, or to someone who is confined to the house because of ill-health. Gift boxes of fresh seasonal flowers can be sent anywhere in Britain within 24 hours of picking and so remain fresh and fragrant.

You can arrange four deliveries a year for £24, six for £35 or a whole year's supply, once a month for £59. Orders and details of individual deliveries of flowers or pot plants from World of Flowers, 44-46 Pier Avenue, Clacton-on-Sea, Essex, CO15 1GN. Tel: phone: Clacton (0255) 20505/6.

It is easier to bury Christmas than to praise it. Easy to be blasé, easy to say what a bore,

how commercial, not Boxing Day at your mother's again. Well, I have to admit to being a child at heart. I think it's worth every bauble.

I do not see why one cannot respect it as the festival it is and still have fun. If, for some, that means the music of cash registers rather than organs, that is their problem. I love the carols and the cards and the turkey and the tinsel. Masses of tinsel. This is a cheerful celebration, not a dirge on the death of good taste.

It is best when there are small children around, but I like being spoiled, too. In common with most of my female friends I do not feel pampered by the practical, so if you are looking for a be-ribboned microwave oven or a limited edition tea towel, you will not find it here. I also agree

wholeheartedly with Ogden Nash, who declared that he did not want "a coffee table made out of an old wagon wheel, or a firescreen made out of a left-over piece of wall. Or, indeed, anything made out of or to look like anything else."

So, having revealed my prejudices, let me also reveal my sources and present a round-up of Christmas goodies with a high thank-you potential.

Almost anything from Grays Antique Market, 58 Davies Street, London, W1 would be welcome. A Victorian scrap book, for instance, from £20 to £100 from M. & R. Glendale, stall 122, or a miniature silver mirror to wear as a pendant, from £40 at Brian and Lynn Holmes, stall 304. Britannia, stall 101, have a huge collection of commemorative china and some original pieces of 1930's Clarice Cliff pottery, much copied and increasingly sought. A honey pot with her typical crocus motif is £16. Then to next-door, Grays Mews, where Ritva Westenius, stall A16/17, has enchanting

twenty beaded gowns, including a sea-through black tatted embroidered with real metal sequins, £68 and Art Deco beaded handbags from £5.

Being a chocoholic I restrict my intake firmly to Christmas and then only the best. Among my favourites are Nadia, 111 Golders Green Road, London, NW11, who always have original ideas and this year have a presentation that looks exactly like a bottle of champagne, but is made of chocolate and contains chocolate liqueurs, £10.95, plus £1.50 postage. Avison, too, are delicious. Their hand-made Belgian chocolates are available at their shop in Preston Road, Brighton and they also sell selections in Bakers, Kensington High Street, for £2.15 a 1lb box.

Most wickedly more-ish of all are Ackermans, rich and dark and full of praline and marzipan. They cost £5.25 for a 1lb box from their shop in 9 Goldhurst Terrace, London, NW6, from £4.20 in special presentation boxes from the

Inter Continental, Hyde Park, Strand, Palace and Europa Hotels. Ackermans also do wooden crates of liqueur chocolates at £3.75 for 7 oz and £5.75 for 13 oz at Henis, Selfridges and Harrods.

Finally, if I eat all that chocolate I shall pay for my folly in spots and spare tyres, so should like a Harvey Nichols beauty gift voucher—£15 would entitle me to an Oriane facial, make-up and manicure, £25 would give me a complete body treatment, steam bath, hair hour massage, facial, manicure, pedicure and shampoo and set or blow dry and £50 sounds as if it would give me a complete reborn, being a special course of four Oriane facials with the new Pneumopaster machine. The vouchers are on sale in the hair and beauty salon on the top floor at Harvey Nichols.



Left: Nightie and mob cap, £7, with matching robe £7, all in Father Christmas red polyester from the American Children's Shop, 18 Eccleston Street, London, SW1.



Deco-style "stained glass" box in black and clear glass with mirrored base. £11.95 from The Lock Shop, Commercial Place, Chalk Farm Road, London, NW1.

Men seem to be very much more practical than women about the presents they prefer. My son has just announced distinctly that anything smelling as if it is called Kung Fu would turn him right off and that his needs are simple as long as they are wrapped in crisp, green papers, as he has to maintain his mortgage in the style to which it is about to become accustomed.

Little does he know that I shall take him at his word and give him a set of scribble pads printed on one side with very attractive, but totally non-negotiable, bank notes, originally made by the banks of China and Mexico at the beginning of the century. Each note paid, by Black and White Designs, has 50 sheets and costs between 99p and £1.05 from Heals and Paperchase, Tottenham Court Road, London, W1.

I shall wrap them in gift paper printed with the same banknotes at around 16p a sheet. Other stockists include Nova of Bath, Clutter in Congleton, Cheshire, Birmingham Arts Shop and Studio One, Stafford Street, Edinburgh. Still, if your family circle includes a travelling tycoon, he may be interested in the Ingersoll clock radio I found. It has a dual alarm, music or bleeper two-band FM, MW radio and

measures about 7in by 3in by 11in. It also tells the time in whatever country he happens to be and gives the equivalent GMT, thus helpfully avoiding those 2 am phone calls from Salt Lake City. It costs £49.95 from branches of Argos.

Such a man would obviously need a zipped suit cover to hang in his jumbo jet. Really chic travellers don't bother with the sort of luggage that causes them to spend hours watching the baggage-grounds, go round, go round. They travel with a toothbrush and a drip dry shirt in a slim executive case and hang their extra suit in an Eximious 40 inch clothes cover, £15.30.

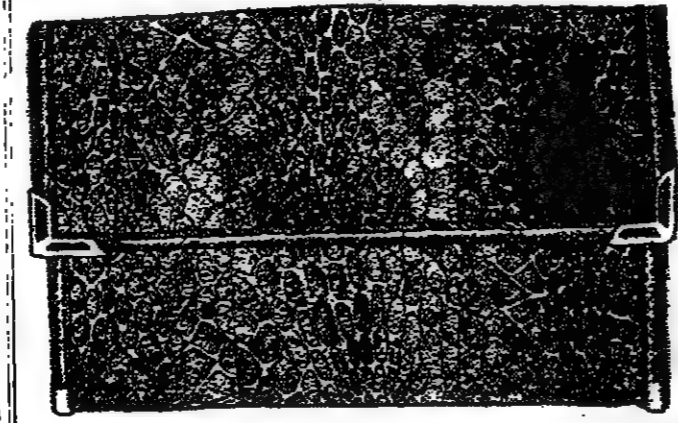
There were several on my flight to San Francisco last year and the only problem was distinguishing one from another, so why not have them monogrammed for an extra £1.10 per initial?

Orders for initialling to Eximious Ltd, 12a Maddox Street, London, W1, by December 11 (telephone payment by credit card to 01-629 3152). Otherwise, Harrods, Asprey and Austin Reed, Regent Street, carry Eximious travel accessories, which include sponge bag, £10.25 and barrel bag, 16 inch £24.50 and 25 inch £32. All in blue, red, green/red or black/camel washable nylon.

If he is open to suggestions about after shave—difficult this one, as you must suggest you don't like the one he's wearing or that you think he isn't wearing one at all—Loewe is sufficiently handsome and expensive at £14 to be flattering. Being a devotee of Givenchy 111, I also decided to try Givenchy Gentleman and Monsieur de Givenchy on various discerning friends. They all preferred the latter, which has refreshing and lemony tang, from £3.90 for 60ccs.

I would not wish to suggest that your peripatetic paragon is ever seen in a car less than perfect, so he might not actually need a fluorescent lantern-come-torch which can be attached to a 12-volt car battery. However, if his favourite view of the world is through a car window, he might like it anyway as the 11 inch tube does spread an adequate amount of light for fiddling under the bonnet.

The most dashing driver I know, who is unbelliciously attached to three Bristol, an Alfa, a Bentley and an AC428 and must have been the prototype for the racy Toad of Toad Hall, does all his own servicing and thinks it is a useful gadget, which is recommended enough for £7.49 from Woolworths.



Left: Black snakeskin clutch bag by Jane Shilton, £19.95 from branches of Debenhams.

There is nothing more delightful than a lavish bottle of a smell you like, be it La Dix of Belongings or Le Five Star of Martell, and nothing more wasteful than a scent that doesn't suit you.

Why this simple fact continues to elude otherwise intelligent men is beyond me and if I want a real frisson at this time of year I don't go to a horror movie, but to a perfume counter where I watch, mesmerized, as uncomprehending male noses are pressed to a salesgirl's on another skin. (At least I think that is what is happening) and the poor wretches are parted from considerable sums for something that will smell totally different on another skin. Morro: if in doubt, do without.

A better idea would be to invest in a collection of aromatic oils which can be blended to suit each individual. They are actually bath oils and they are all natural, containing no synthetic chemicals and no skin-drying detergent. There are 21 single oils, so the mixing permutations are numerous or, as certain oils complement each other particularly well, there are ready-made collections of four in a box.

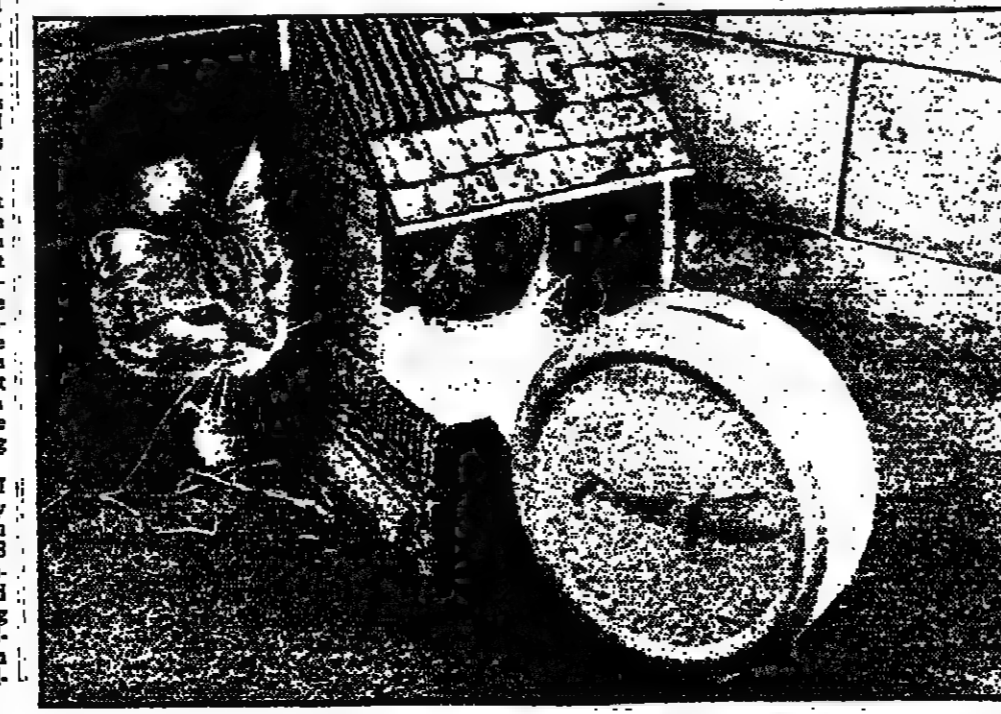
These 10 collections have different purposes. Among them Sesta, containing a bottle each of bergamot, lavender,

marjoram and rosewood, is intended to relax you; Sunrise (ylang ylang, juniper, pepper, mint and rosemary) should liven you; Flora (cardamom, jasmine, mimosa and tea rose) says it will beguile you. There is even a collection which includes "frankincense" and myrrh.

There is a 20-page leaflet explaining the purpose of each oil so that you can choose a collection of your own and learn to be your own master blender. My first attempt was with geranium, peppermint, lemon and nutmeg because I was feeling Sunday afternoon

ish and it promised stimulation. I rose from the bath like Venus from a fondant factory, pink and smooth and smelling divine. Perhaps a little less of the peppermint next time.

All these Gregory aromatic oils are available from Fenwick's, Liberty and Selfridges in London and from 50 shops throughout the country. Or you can get an order form from C. A. Gregory Aromatic Oils Ltd, 48 Dukes Avenue, London, N10 and they will send your selection. Single oils cost £1.75 plus 25p postage and boxes of four at £5.95, plus 40p.



Cinematographers are full of naughty stories about their idols: theatre enthusiasts have been known to crack a joke or two; music lovers are positively blasé with anecdotes, mostly about Sir Thomas Beecham. But opera buffs, particularly those of a generation brought up to see nothing funny in tenors 4ft high and sopranos 4ft round, do tend to overdo the reverence slightly.

But help is at hand. A slim volume called *Great Operatic Disasters*, by Hugh Vickers and delightfully illustrated by Michael Holford (Macmillan £3.50) is an anthology of some of the most hilarious blunders in performance, throughout the world. Some are well known,

like the one of the malicious stage hands who put a trampoline instead of a mattress under the baritone's off-stage for an unpopular Tosca to fall upon. She bounced back over the parapet 15 times, one way up or another, before the curtain closed in front of the astonished audience.

I also liked another Tosca tale of the San Francisco college boys who were hurriedly recruited, without a dress rehearsal, to be the third act execution squad and were sent on with little more than the instruction to "shoot and exit with the principals". They knew so little about the story that not only did they shoot Tosca instead of Cavaradossi, but when she unbelievably refused to die by their gunshot and instead took up her position to jump as scheduled, they followed their instructions to the letter and as the curtain slowly descended the whole firing squad threw themselves after her.

There are many more anecdotes about many other operas, and it does not really matter

whether your operatic friends have a sense of humour or not, they will enjoy pinpointing the exact spot in each story where the disaster happened and you will have paid them a compliment by assuming that they know.

I feel diffident about singing the praises of *The Times Calendar of Britain* for 1980 now that I am, so to speak, one of the family, but it really is a splendid collection of pictures of our countryside, from the January snows of Argyll through a summer of sun-steeped fuchsias in north Devon to the pinnacled hills of the Lake District in December.

It is available at £1.82 from newsagents and bookstores, or direct from the trade counter, 200 Gray's Inn Road, London WC1, and if you would like to send one to a friend, Times Books will do it for you. Just write for an order form to Times Calendar, Times Book Ltd, 18 Ogle Street, London W1P 7LG.

Left: Satisfyingly rotund piggy bank in unglazed stoneware with a cork at the back for the removal of the loot. In its own cardboard pig sty, costs about £5.50 from Heals, John Lewis, and Science Studio at Oxford.

Sports bag with pocket for tennis racket and zip compartment for clothes, shoes. £23.40 by Eximious at 12a Maddox Street, W1. Also at Harrods, Asprey and Austin Reed, Regent Street, W1.

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MANAGEMENT

Can accountants stand the culture shock?

Can industry use chartered accountants? Clearly the answer to so direct a question must be yes. Over half the membership of the three Institutes of Chartered Accountants works in industry or commerce, providing approximately half of all qualified accountants in industry: so there is obviously a demand for the skills of chartered accountants.

However, a straight answer to a straight question may give a misleading impression. Industry needs qualified accountants for a whole range of tasks but it is at present unable to meet its needs from internal training programmes. The gap is being filled by recruitment from the accounting profession.

There are many shades of opinion on the relative merits of training in industry or in public practice. My own view is that none of the existing methods of training accountants are effective in producing the type of finance man that industry really requires, particularly at a time when high inflation is creating problems of interpretation and—because of the rapid increase in working capital requirements and the related cost of capital—pressures on both profit and cash flow.

Existing training programmes are in real danger of producing highly expensive financial or management accounting technicians. There is too little emphasis on the use and interpretation of financial data, and the practical contribution that the finance man must and should make as a member of the management team.

Too many accountants, particularly those trained in public practice, see accounting as an

end in itself, and not as a means to an end. The need to produce meaningful and constructive information as an aid to decision-making requires much greater emphasis than ever before.

The accountant who presents financial information to management without any guidance

and in itself, and not as a means to an end. The need to produce meaningful and constructive information as an aid to decision-making requires much greater emphasis than ever before.

in addition, any chartered accountant making the transition to industry or commerce is inevitably going to suffer a degree of culture shock. This arises for two reasons: first, he has been used to working with relatively bright colleagues, such as tax, treasury and financial accounting.

Nevertheless, even the specialist finance functions in industry require a chartered accountant to develop particular qualities which may have been less essential in public practice. For example, he must be able to make decisions, and

clients, management responsibility at an early age, and a wide variety of assignments other than audits: for example, special investigations or insolvency work.

In summary, therefore, industry can use chartered accountants, but the individual concerned must be ready to undergo themselves quickly to their new environment. They should recognize from the outset that the qualifications and experience they have gained in public practice provide only the first step—they do not represent a passport to automatic success.

Conversely, industry must also make the effort to assist chartered accountants recruited from public practice to develop their particular skills to meet the demands placed upon them in their new role.

To do so will inevitably cost industry money in the first instance, but I am sure that the investment of time and money will quickly be recovered from the improved contribution which chartered accountants can and should make to industry.

One final word. This article was specifically directed at providing an answer to the question, can industry use chartered accountants? A much wider question needs to be asked and answered. This is, how are we to train and develop the finance people needed for industry and commerce—particularly at the highest levels?

A working party of the Hundred Group (Finance) directors from industry and commerce is examining this question, and will be reporting on this most important subject.

Michael Julien (right), a chartered accountant and finance director of BICC, a large British industrial company, argues that none of the existing methods of training accountants for an industrial role are effective.

Next week we shall publish opposing views and draw conclusions from this series and from the reactions of readers.



chance on its interpretation is in real danger of misleading his colleagues and thus contributing to poor business decisions, and eventually to poor performance. Appraisal of capital investment proposals and long-term contracts and related decisions on pricing, are two important areas where competent professional advice is essential.

Unfortunately the training and experience given to accountants during their formative years (up to two to three years after qualifying), tends to over-emphasize the technical aspects of their work, and allows too little time for them to gain an effective understanding of the key factors that go to make a successful business. He is thus unable to offer the type of advice that

gues trained in his own discipline; and secondly, he has had the strength of the firm's name (and the law) behind him. Suddenly he finds himself on his own, naked and unadorned.

Inevitably, the more years that a chartered accountant spends in public practice before making the transition, the greater the culture shock and the fewer years he has to develop the understanding necessary for him to make an effective contribution as a member of the management team.

Obviously there are many other essential tasks to which a chartered accountant, with several years experience in public practice, can readily make an effective contribution from the outset. These include many of the specialist func-

have the necessary management ability and courage to get those decisions implemented—unlike his counterpart in public practice, whose role is invariably advisory.

On the positive side, the training of chartered accountants in public practice can develop certain valuable qualities. These include the ability to adapt readily to any new situation, a substantial degree of self-reliance, and most importantly, a high standard of objectivity and integrity.

The extent to which he will acquire these qualities depends, of course, on the calibre of the individual concerned; but it also depends on the type of experience he has gained in public practice. Ideally, this should comprise a reasonable cross-section of

Why are salesmen being sold short?

According to the Institute of Sales Management (ISM) in Leamington Spa, the cost of salesmen's cars—mostly Ford, Vauxhall and RL—increased by 31 per cent last year to an average of £13,220. With last year's inflation of salesmen's overheads running at 15.9 per cent, increases in salaries have almost kept pace at 14.9 per cent giving an average income of £6,023 pa.

The ISM says that the total cost of keeping a salesman on the road is £13,500 to £22,000 per week and that the cost of the company vehicle is chief among these, with vehicle service and repair costs going up by 33 per cent last year.

Commenting on the low level of salesmen's salaries, Keith Brown, president of the ISM, says: "Beyond doubt, an increasing number of company cars have been issued to employees as a method of circumventing or off-setting what otherwise would have been salary increases."

Brown says this is regrettable because it is the responsibility of thousands of salesmen who would be unable to discharge their important function without the use of a company car and to whom in a nation going to sell itself out of its present troubles?

Clearly, most companies do not value their salesmen very highly, in many cases to more highly than a short-hand typist!

In no way is a car seen as a 'benefit in kind'

A company car is not a perk to a salesman. Competitors cannot be beaten to new markets by bicycle, corporation bus or train. Yet companies which use the 'perk' car as a method of circumventing salary increases for salesmen in need of their cars, very often, curiously, throw in company cars to much higher-paid management executives who do not need them, purely as a means of increasing their salaries (and motivation) in a way that beats the taxman.

That British companies have got their priorities wrong in relation to rewarding and motivating salesmen is all too obvious to Mr John Fenton, director-general of the ISM. Earlier this year, an office equipment salesman topped his basic salary of £2,800 to total earnings of £40,000, relates Mr Fenton. "His reward was back. Then, this summer, a GEC computer salesman, who earned £102,000, which was £40,000 more than his chairman, Sir Arnold Weinstock. His reward was a renegotiation of his incentive scheme."

What is happening, we should ask ourselves, when British companies can afford to stop their super-salesmen earning and earning too much?

"Using the salesman's car to circumvent his salary increase is an appalling attitude for managements to take. It is hardly surprising that the best and most able people in this country are not as attracted to a sales career as they are in the United States and West Germany."

Bob Crew

LETTERS TO THE EDITOR

Prato—a model textile enterprise

From the President of the Italian Chamber of Commerce for Great Britain

Sir, I have read with interest Ronald Karshaw's article "Wool textiles still beset by problems". It is not up to me to comment on the complaint that the British Government is not subsidising sufficiently the textile industry.

I must, however, take issue on the continuous accusations that the Wool Textile Manufacturers Federation keep throwing at Prato—never tired of unceasingly received with monotonous regularity.

Recently the Federation sent to Brussels a long document saying that as its members were being beaten in price, the Italian industry had to be given a hidden subsidy. Today it is said that the Italian textile industry is run by rogue workers who officially do not exist.

What a marvellous Government we have in Italy which seems to be capable of subsidising with excellent results

not only in general but, more surprisingly perhaps, among even the most hardened drinkers.

However, the latter point, should not be belaboured. The whole point of making alcohol more expensive is to reduce the general level of consumption which, as has also been demonstrated, will prevent the escalation of alcohol abuse.

It is therefore a preventive measure and not one designed to treat the 700,000 or so alcoholics in this country.

Finally, if I may rectify one final error, the object of the exercise would not be to eliminate consumption, as Mrs White implies, merely to reduce it to more acceptable levels. If informed opinion gets its way then at least Mrs White will still have some beer in which to drown.

Yours faithfully, HOWARD RANKIN, Research Psychologist, Addiction Research Unit, 101 Denmark Hill, London SE5.

What's in a name?

From Mr G. F. Woodbridge

Sir, Since the correspondence on the subject of an appellation for engineers shows no sign of abating, would it help you to know that in Bridgnorth, we have an window cleaner? We do, however, have

a transparent wall maintenance engineer.

Yours faithfully, G. F. WOODBRIDGE, Hallions Quay, Hallionsford, Worfield, Bridgnorth, Salop WV15 5LW.

Training for accountancy

From Mr M. D. B. O'Regan

Sir, I was interested to read Adrienne Gleeson's comments on her article on accountancy (December 3), that the best training for graduates wishing to study for an ACA qualification is found in the big firms of chartered accountants.

The article follows a general trend in the press, that accountants are likely to be so big that the student will seldom get close client involvement and much of his work will be checking the work of other qualified accountants employed by the client. The time pressures involved tend to leave student accountants to lead excessive overtime with adverse effects on time available for study.

On the other hand, the student in the medium-size firm will be gaining practical experience in audit and accountancy on several different companies in the same time space. Working on these smaller clients, some

a non-existent workforce. In fact Prato is one of the most dynamic and impressive industrial complexes in the world. The workers, according to Mr Karshaw's informant, pay no taxes, no social security and no union dues. And always according to Mr Karshaw's informant, the Italian Government is powerless because the Communists would be upset if they did pay. No comment.

The truth of the matter is that today in many Woolmark qualities both in worsteds and in woolsens the Italian manufacturer is unable to compete with his British counterpart. Undoubtedly apart from momentary difficulties in the trade which have nothing to do with non-existent Italian unfair competition, the enterprising and lively British mills have normally plenty of work and will continue to have in the future.

I am sure my friends in Prato would be delighted to show to the others how three

shift work can be a faster, more up to date machinery, how profit-reinvested by the owner out the necessity of always to the bank in how fashion trends instantly followed, how is the essence and pace a way of life.

All this can now be here. Why not try and cure the premonition of field that this was country had for so long past, nor by lamenting unfair competition, or at least fatal pessimism, but by hard work and enterprise so abundant here.

I am Sir, Yours faithfully, MASSIMO COEN, President, Italian Chamber of Commerce for Great Britain, 20 Savile Row, London, W1X 2DQ, December 5.

Dol's energy conservation scheme

From Mr John Harvey

Sir, In his letter (Nov 23) Mr Rait says that he had decided upon a new way to convert waste into Presumably they had found the pay-back period the investment and decision was worthwhile, with or out a grant.

Nevertheless, I have than a little sympathy with Rait's criticism of the Department of Industry's Energy Conservation Scheme, months ago a study on we had embarked with a to involving the scheme, based on two counts.

The first was that the testing requirements of scheme are so sophisticated the delay and general has setting them up is seasonal only for large industrial boilers which are reasonably efficient to 1 with.

The second count was there were features of the scheme we were studying which brought up to date, a have contributed significantly to energy saving. But Department of Industry, a Rait found, does not acknowledge the existence of any only boiler.

Fortunately the Department of Energy does not take worst-case view. Yours faithfully, J. HARVEY, John Harvey & Partners, 413 Sydenham Road, Croydon CR9 2LQ.

commerce and industry. B. O'REGAN, Beauchamps, Wyddial, Beauchamps, Hertford.

From Mr David M. Allan

Sir, Having recently graduated from university, three months experience in an industrial auditing firm lead me to count the question marks b Adrienne Gleeson raises o the suitability of accountants for management (December 1.

1. Has the ability to communicate with people of a wide range of companies, including one's own, little to do with is required of a creative successful manager?

2. If one is going to consider auditing as a gateway to kinds of employment, are accounting standards, and as a legal liability, headed to be left to the professional managers and partners?

3. Apart from experience acquisitions, mergers and other familiar subjects, international firms encounter, is not what left of a sciences of management more academic than Mr Gleeson seems to suggest?

Yours faithfully, DAVID ALLAN, Av Abalos, 3, 1200 Brussels, Belgium, December 3.

Merseyside plan to escape crisis

The latest factory closure on Merseyside, which brought the dismissal of nearly 1,000 workers at Dixy Industries' Meccano and Airfix Toys plant in Liverpool emphasises the area's continuing industrial crisis and adds urgency to the need for redevelopment plans.

The Government has now produced specific details of the Urban Development Corporation which it intends to set up to prepare a master plan for the future of about 2,000 acres of dockland on both banks of the Mersey. This is an area which has been described as one of the biggest tracts of industrial dereliction in Europe.

Civic and industrial leaders are keen to learn the names of the "dynamic people" who, according to Mr Michael Heseltine the Secretary of State for the Environment, will be chosen to staff the new corporation and be charged with a job almost on the scale of a new town development.

A government consultative document is being studied on Merseyside, but this provides few answers to local questions about the essential parts of how the operation is to work.

Sir Kenneth Thompson, the Merseyside county council leader, condemned the development corporation plan as "simply adding another layer of government to an already involved system", but initial hostility has given way to a feeling that, although the instrument that has been chosen

may be less than ideal, the Government's decision to take action represents a positive response to the special pleading that Merseyside has been putting out.

Suggestions from Merseyside that some special arrangements involving the Government, local authorities and private interests were needed to deal with the dockland and inner city problems (much more

than they are in the case of London's dock areas) received short shrift from Mr Peter Short, Mr Heseltine's predecessor.

As a result, the county council has been working alone and has had lengthy negotiations with the Mersey Docks and Harbour Company over a long lease of between 300 and 400 acres of land in the South Docks area.

Some private industrial interest including one very large potential developer had been identified.

Now it seems the leasing plan will be overtaken since Mr Heseltine's proposals for the development corporation include powers of massed acquisition—presumably through compulsory purchase—plus planning and promotion. These functions that would normally rest with the local authority.

Few people believe that the dockland scheme can succeed unless it is backed by a package of inducements that go well beyond those now on offer under Merseyside's Special Development Area status.

One local government executive said: "Given the choice between coming to a rundown dockland site or a greenfield location elsewhere, it is obvious which the industrial or commercial investor will choose unless he is offered a very big carrot."

The one point on which there is general agreement is the need for speed. Unemployment in Merseyside is running at 12.5 per cent and the most recent survey by the Merseyside Chamber of Commerce showed 20 per cent of respondent companies forecasting a further reduction in their workforce by the end of the year.

CHECKLIST

Royal Assent: *inter alia*, to the following Bills, on December 7: Charging Orders, Sale of Goods, Severa & Treat Water Authority, Felkstone Dock and Railway. Shipbuilding Bill: given second reading in the House of Lords. Employment Bill: to encourage wider use of secret ballots in trade union affairs; to provide greater protection to employees affected by the closed shop; to eliminate secondary picketing; to provide protection against coercive trade union recruitment; and to amend the employment laws to encourage employers to create new jobs, was published on December 7.

New safety regulations and safety codes: lead; safety signs and colours; notification of accidents and dangerous occurrences; diving operations; notification and survey of hazardous installations; first aid; cellulosic and cinematographic film. Act 1922 exemptions; asbestos insulation and sprayed coatings: all these are now in or through the consultative stage, and are likely to be submitted for ministerial approval during 1980.

Pneumoconiosis: compensation scheme under Pneumoconiosis (Workers' Compensation) Act 1979, expected to come into operation on January 1.

NV Stoomy Maats "De Maas" v Nijssen Fuser Kalsbeek: Mr Justice Parker found in the Queen's Bench Division that delivery of a telex is valid notice of arbitration, but that delivery takes place at local time at place of destination, not despatch.

Hempton (Inspector of Taxes) v Fortes Autogrill Ltd: Court of Appeal allowed Crown appeal against finding that expenditure incurred by catering company on installation of false ceilings in three restaurants qualified for relief against corporation tax in respect of capital expenditure on "the provision of machinery or plant for the purposes of trade".

Brazilian cruzeiros: devalued by 30 per cent on December 7. Fort of London: charges are to rise by 10 per cent from January 1.

Fort of Sunderland: charges are to rise by 12 per cent in January.

A new generation at Morgan Grenfell

It is not only industrial and commercial companies that undergo the occasional disturbance at the top. Last week it happened at one of the bluest of blue-blooded merchant banks in the City—Morgan Grenfell.

What in fact has happened is that a tough young man, Mr Christopher Reeves (young—as 43—in chief executive terms) and his contemporaries have taken over the running of the bank that is the mainstay of the operation, while their seniors retire to positions of influence, but little day to day power, as percent company.

"Policy matters", and dealings with the shareholders, are what these elder statesmen will concern themselves with henceforth, while Mr Reeves and his divisional heads get on with the interesting business of making sure that the bank makes lots of money.

What is really fascinating about this business is the route that Mr Reeves took to reach his present eminence. It provides an object lesson to any

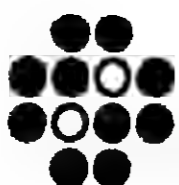
young hopeful. He came into the bank after only a few years' experience with the Bank of England and spent at Hill Samuel, at the relatively late age of 32, and was set to interviewing potential recruits.

Hence the indignant description of him, by those who have no cause to love him, as nothing but "the personnel manager". He was, however, recruiting specialists to fill the vacancies he had himself identified, in a study of the structure and organization of the bank.

The net result was not merely that Mr Reeves learnt his way round the checks and balances at Morgan Grenfell—who does what for whom, and why; but also that he recruited a team to complement him. As training for management it couldn't be bettered. But credit to Mr Reeves' seniors: not many in commerce or industry would have given their ambitious young men the chance.

Adrienne Gleeson

Cedel S.A. announces with pleasure the establishment of its London Representative Office and the appointment of David K. Dodd as its London Representative



10th December 1979

cedel

77, London Wall, London EC2N 1BU
Telephone 01 - 628 0642

BY THE FINANCIAL EDITOR

A little local difficulty

So long as central government continues to borrow on the extravagant scale of recent years, it will also continue to incur a massive debt servicing burden—whatever the arguments about inflation and the real cost of debt.

Rightly, the Government is concentrating most of its attention on dealing with the underlying problem, reducing (or at least containing) the size of its borrowing requirement. Arguably, however, it has hardly been as imaginative or adventurous as it might have been in a period of high interest rates in trying to minimize the cost of future debt servicing.

The burden of debt servicing is, of course, one that applies to all parts of the public sector, not least to local authorities. Indeed, for them the problem is currently compounded by the fact that the Treasury requires them to borrow long under the Code of Practice introduced in the summer of 1977.

The Code was a perfectly prudent response to the sharp increase in short-term debt incurred by the authorities in the mid-seventies. It suggested (as a voluntary code) that authorities should progressively push out the average maturity of new debt from four years in 1977-78 to seven years by 1980-81.

The Code was, however, launched at a time when interest rates had fallen sharply, with yields on corporation stocks down to around 11 per cent, that summer and hopes high, presumably, that they would fall further over time.

In the present year the authorities are faced with the task of achieving an average maturity on new debt of not less than six years against a background of interest rates of 15 per cent plus for fixed rate money.

Hardly surprisingly, some of them feel that long-term borrowing at these kind of rates is unlikely to be the best of deals for the ratepayer. So they have asked the Treasury if a certain degree of flexibility might not be in order for the present financial year.

In the sense that the maturity lengthening already achieved has eased the annual refinancing problem quite considerably, there would seem to be a case for allowing such flexibility, particularly if the authorities can offer no guarantee that interest rates will fall sharply before the spring.

On the other hand, it is not entirely clear just how badly the authorities need additional flexibility. A fair amount of medium-term funding was done through the Public Works Loans Board in the April-June quarter.

More recently, against a background of rising interest rates, stock issues have certainly dried up, and a number of authorities have also dropped out of the local authority bond market. There is no particular evidence that local authorities have been making exceptionally heavy calls on short-term money instead, though whether that reflects the holes in the banking "corset" or the authorities' own belated realization that a moat might be a moot point.

While investment trusts have regained a little of their tone over the past two weeks, the debate over the function continues. Latest contributor to it is stockbroker Leung & Crutchfield, which considers in its year-book the immediate and longer-term prospects for a sector which it describes with cruel but accurate precision as "all dressed up with nowhere to go".

Leung dismisses the option to specialize on the argument, first, that if institutional holders were buying and selling for the specialization, the likelihood is that discounts would widen but, rather than narrow; and second, that existing shareholders of broadly-based trusts ought at least to be given the option to decline the change, and preferably the opportunity to get out at something nearer asset value than the market will provide.

But it is no keener on the "global" money management argument, either—as they point out, the trusts, as closed-ended funds, would have extreme difficulty in producing a performance any better than their institutional investors could achieve for themselves.

St Piran

No longer a 'grey area'

The Stock Exchange could decide to restore the St Piran share quotation today. That would be a mistake. The Takeover Panel's inquiries are continuing, along with

other investigations in Australia, Hongkong and Singapore. Moreover, with the annual meeting only four days away, shareholders have yet to receive satisfactory answers to vital questions: who controls their company and were the auditors' qualifications fair?

The question of control arose 18 months ago when St Piran built up a stake in A. Monk, the civil engineer. Then as now the issue was the extent of the influence exercised by Mr J. J. Raper. Since that date inquiries have been conducted by the Takeover Panel, the Department of Trade, and independent shareholders, but without conclusion.

Nevertheless, it is widely believed by shareholders that Mr Raper controls some 40 per cent of St Piran. That is rather more than the directors imply in their latest circular and certainly more than his 1,000 shares registered holding. Shareholders deserve to know the exact position. Yet the Stock Exchange's Quotations Committee proposes a renotation without waiting for the Takeover Panel's report, or at least, without making its deliberations known to shareholders.

The Department of Trade likewise has taken no official action to force a company—which by one of its directors' public admission has been without a finance director for a year—to satisfy its owners' reasonable doubts.

It seems the shareholders are confounded. If the surmise about Mr Raper's influence is correct, and if he enjoys the support of the board, no amount of protest by other shareholders will produce enough votes to alter the balance of forces. Only a rigorous investigation by a public body can do that, for this is no longer simply a "grey area", as the Stock Exchange suggests.

Equities

Sideways for the moment

Where does the equity market go from here? The answer, almost certainly, is sideways. Even the prospect of a pre-Christmas rally looks improbable.

The Government appears to have little room for manoeuvre on interest rates despite the expectation that monetary expansion will soon slow and the evident easing of the funding programme following the 17 per cent minimum lending rate.

Tomorrow's banking figures may not help either. Advances are still growing too fast for comfort and what evidence there is suggests that credit demand is remaining at a high level into the December banking month.

So it looks as if the equity market will have to live with an unusually high reverse yield gap of around 8 points at a time when there are question marks over the level of dividend payments that in many cases are only just covered on a current cost accounting basis.

Poor company news is now coming through thick and fast. True, the engineering strike is confusing the picture, but results from GEC, Pilkington, Becton and Racal not to mention many second-liners suggest too that the recession is beginning to take hold.

The November wholesale price figures showed that manufacturing companies are facing hefty raw material price rises even if the miners' settlement is a pointer that wage inflation may not turn out to be as much of a problem as it seemed even a few weeks ago. Moreover, there are still the Opec price increases to come and sterling's strength threatens to cut deeper into exporters' margins.

Most forecasts see the 1980 recession cutting growth by around 1-2 per cent. Meanwhile, the outlook for corporate liquidity is deteriorating although analysts like Hoare Gossett and Phillips & Drew make the important point that in real terms the deficit expected next year will be nowhere near as bad as 1974-75.

Corporation profits look as though they will decline by around 3 per cent next year according to Hoare which will limit dividend growth to around 6-7 per cent.

Last week's figures from the Department of Industry showed that corporate liquidity had started to deteriorate and if Phillips & Drew is right companies will be looking for £4,500-£5,500m from external sources against only £1,000-£1,500m on average over the past three years. That will be reflected in heavy pressure on some balance sheets.

New York

Last week the dollar came perilously close to falling through the important psychological barrier of Deutsche mark 1.70. It was even weaker than before Mr Paul Volcker shook America on October 6 by raising interest rates to record levels.

Thus, in only two months, the positive effects of the Volcker measures—raising interest rates, tightening monetary policy and imposing reserve requirements on Euro-dollar borrowings—have been discounted in the foreign exchange markets.

Obviously, over this period, the dollar has had a radical effect on the markets with the shock impact over-riding purely economic criteria in the minds of virtually all international investors. Yet, as the international financial system is subject to shock after shock, it is not to be surprised that investors try to spread their assets into a variety of currencies and assets. Given that the dollar is so preeminent, any movement towards asset diversification adversely affects that currency.

The international financial system is now inherently unstable. For example, the gross size of the Euro-currency market is now over \$1,000,000m with more than \$700,000m in the form of dollar deposits. Thus, as the political and economic environment becomes increasingly uncertain, investors try to spread their assets into a variety of currencies and assets. Given that the dollar is so preeminent, any movement towards asset diversification adversely affects that currency.

Another area of concern is the behaviour of international interest rates. The immediate effect of the Volcker measures was to raise dollar interest rates by about 2 per cent with the London Euro-dollar rate rising to 14½ per cent. At first, Deutsche mark and other interest rates rose only modestly so that the interest rate differential in favour of dollars rose to over 7 per cent per annum. But that has since changed dramatically.

Interest rates outside the United States have risen very sharply in the past few weeks with German rates increasing by 1½ per cent, British rates by nearly 3 per cent and Swiss short-term rates by over 4 per cent.

This raises the danger of what may be described as the new "Triffin dilemma". If countries want their currencies to appreciate then at least one currency, the dollar, has to fall or, at best, cannot increase in value over any sustained period of time. This escalating interest rate competition and lack of monetary co-operation helps to add to the instability of the system with none of this lost in

“There is no question whatsoever that the international financial system is moving away from a totally preeminent dollar. This is a long-term trend which has been speeded up by concerns about American inflation and the balance of payments”

At the same time, United States interest rates have begun to ease so that the interest rate differential in favour of dollars is at present no better or worse than before October 6. However, there are good reasons why interest rates are beginning to fall in the United States and equally good reasons why they are rising in Europe and Japan.

The evidence is mounting that the United States' economy is losing momentum, even if a recession is not yet just around the corner. The Federal Reserve seems to have the money supply under control and loan demand is weakening.

Also—and this is not totally understood outside the country—the Fed has changed the method of monetary control. It is paying less attention to the short-term behaviour of interest rates. So market pressures have helped to push down interest rates and the Fed has not resisted.

On the other hand, worries about money supply growth and inflationary pressures in western Europe have led central banks to raise interest rates. In addition, and despite protestations to the contrary, most governments have fallen in love with the idea of an appreciating currency (or currencies) and a government is likely to stop a currency from depreciating.

This raises the danger of what may be described as the new "Triffin dilemma". If countries want their currencies to appreciate then at least one currency, the dollar, has to fall or, at best, cannot increase in value over any sustained period of time. This escalating interest rate competition and lack of monetary co-operation helps to add to the instability of the system with none of this lost in

Geoffrey Bell

Easing the strain on the dollar

But what should be done? Obviously, the world would be a better place if the exchange markets were to settle down and the dollar remain stable for the next year or more. This may happen with investors recognizing the enormous improvement in the United States current account deficit between 1978 and 1979 and the significant deterioration in the balance of payments of Germany and Japan.

Yet this is leaving too much to chance, especially when United States interest rates are likely to stay high (and even rise for some countries). Already some observers are calling on Mr Volcker and the Fed to take a leaf out of Mrs Thatcher's book and raise interest rates even further.

What about a 20 per cent prime interest rate? Said to say that if such a policy were adopted at a time of dollar pressure the effects would be modest. It is sobering to note that the United States economic measures on November 1, 1978, strengthened the dollar for over six months while the rest of the world has been less than enthusiastic about the dollar's value.

There are two big issues facing the United States. The first is that the economy is slowing down and against this background there is a serious question of how high interest rates should be raised to defend the dollar.

The second issue is more fundamental. There is no question whatsoever that the international financial system is moving away from a totally

preeminent dollar. This is a long-term trend which has been speeded up by concerns about American inflation and the balance of payments.

Nevertheless, it is extremely unlikely that the process can be reversed or even arrested by United States economic policy. Plunging the United States into a recession may help to slow down (or even temporarily reverse) the process but it would start again once the economy gathered strength.

What is required urgently is the introduction of three sets of "safety nets" in the international financial system. The first is the introduction of a substitution account at the International Monetary Fund of substantial size (\$50,000m or more), that this appears to be at least two years away. Such an account would allow official holders of dollars to deposit those dollars (or any other currency) at the IMF in return for special drawing rights so taking pressure off the foreign exchange market.

However, apart from the fact that the account does not exist, official and private holders of assets at present want to buy Deutsche marks, Swiss francs, yen or pounds rather than a composite unit such as the SDR. What then is required as a pre-requisite to the achievement of more stable conditions in the foreign exchange markets is a mechanism whereby central banks can buy the assets they want outside the market.

If the Bundesbank allowed the asset diversifier to purchase the Deutsche mark in an agreed amount and in a form mutually acceptable, the transaction could be arranged outside the foreign exchange market. Not only would the exchange rate be unaffected, the

transaction would also minimize the risk that asset diversification by some central banks would trigger private sector short-term speculative movements of capital.

The recommendation is that initially such facilities should be offered only to central banks and not to private holders. Some central banks have proposed this to the German authorities and would be willing to relate purchases to the needs of trade and regard their holdings as being of a long-term nature.

On the other hand, they do not want to buy long-term bonds, having a preference for deposits even if they would be rolled-over on a continuous basis.

Finally, Mr Volcker and Mr William Miller, Secretary of the Treasury, might consider operating a special substitution account at the New York Federal Reserve.

Rather than issuing Carter bonds, which raise foreign exchange for the Treasury, the idea would be for the United States Treasury (through the Fed), to offer non-resident investors foreign currency denominated assets in return for dollars.

If the holder wanted Deutsche mark bonds, then the Treasury would offer bonds denominated in marks with the exchange rate fixed at the time of purchase. The issues would be on a non-tax basis but the amount limited to (\$5) \$20,000m.

This would mean that the United States would accept the foreign exchange risk (as it does with Carter bonds). But the United States would be acting in concert with those countries expanding the reserve asset role of their currencies. The scheme would also reduce the domestic monetary implications of an expanded role for the mark, yen, and other currencies, as the assets issued to the investor through the Fed would be denominated in foreign currencies and so have no expansionary impact on any money supply.

Operating in this way could help to break the impasse by persuading other countries to assume the increased role of being a reserve currency by demonstrating international monetary cooperation dramatically to the markets.

Thus, the next move for the United States should be to tackle a structural problem of the dollar by structural reform and not by domestic economic policy alone.

The author is a director of Schroder Wagg and senior adviser to Schroder (New York).

Patrick Knight reports on the steps being taken to bolster the fortunes of the cruzeiro

Brazil attempts to put its house in order

São Paulo

The economic reform package announced on Friday by General João Baptista Figueiredo, Brazil's president, includes a 30 per cent devaluation, and measures to stimulate exports and curb imports.

The reforms will have a profound impact on Brazil's economy, which is passing through its deepest crisis for many years. The visible trade gap will be more than \$2,000m this year. Capital repayments of more than \$10,000m are having to be made to service and amortise parts of the \$50,000m debt from new borrowings and reserves.

Inflation is now running at almost 70 per cent. So it is clear that radical measures were needed if the confidence of foreign investors was not to be lost.

The question is, can the negative consequences of the new measures be contained, at a time of increasing social unrest, when increased demands are being made on the system by those who have until recently benefited little from Brazil's industrial growth? Or

will the negative effect of the new measures provoke a new social crisis?

The main thrust of the new measures is to hold back what is seen as the sufficiently strong industrial sector and force it to fend for itself under free market conditions. At the same time, the plan is designed to encourage the food producing sector, which has been neglected by successive governments, both to earn more by export and to feed the people more cheaply.

Regulations which required overseas borrowers to leave their borrowings on deposit with the central bank for a period, and receive interest on a sliding scale, have been removed. Similarly, a 100 per cent deposit regulation for importers has also been rescinded. Tax on profits being remitted by overseas investors will fall from 12½ per cent to 11 per cent.

Brazil's imports range is narrow, so it is the exporting part of the equation which will be most affected. Half of this year's import bill of \$14,000m is for oil, another quarter goes

on capital goods for industry, while chemicals, fertilisers and some non-ferrous metals complete the picture.

Wheat is the only large agricultural import made in normal times, although this year's balance of trade has been greatly worsened by the need to import other foodstuffs because of crop failures. The import bill for foodstuffs this year will be \$2,000m.

Wheat will also be the main commodity affected by new restrictions on subsidies which will have a ceiling of 40 per cent. At present wheat receives a 100 per cent subsidy; it will cost Brazil \$700m to import this year.

The reduction of this subsidy will have a big impact on the cost of food prices of which have virtually doubled during the year.

In an effort to curb inflation, monetary correction—which can be paid under Brazil's complex system of indexing, designed to safeguard incomes, savings and rents from inflation, but now tending to fuel it—will have a ceiling of 40 per cent put on the adjustment permitted for 1980, whatever the rate of



General João Baptista Figueiredo, Brazil's president, letting industry fend for itself, and encouraging the farmers to increase production.

inflation might be next year.

Last Friday's measures came on top of a rise of almost 50 per cent in the price of petrol in two weeks ago, as well as recent massive rises in the cost of utilities, where rates have lagged behind inflation in recent times, starving them of funds needed for investment.

Most utilities will be able to import in 1980 only 80 per cent of what was bought overseas this year.

Brazil's balance of payments is in a serious condition. It is only the confidence of lenders in the country's longer-term potential, coupled to the fact that it is inconceivable that Brazil, the largest debtor in the third world, will get into serious economic difficulties which allows favourable international borrowing terms.

Brazil's ratio of debt to export earnings is at the highest level of recent years, and will remain in dangerous imbalance for at least two years.

Hopes are high for a bumper harvest in 1980, following the large support increases which have been given to farmers. It is hoped that at least \$2,000m more can be earned from food exports in 1980 and crop yields will greatly increase for the home market and possibly stimulate imports.

New exports in such items as bauxite, steel, and cellulose will be making an increasing contribution to export earnings in the next two years while imports of copper and aluminium will start to fall as new projects come on stream.

The beginnings of the pay-off from Brazil's massive alcohol for motor fuel programme should also start to be felt in a couple of years, as too the benefits from the long-delayed offshore oil programme.

Business Diary profile

Today's meeting of central bankers in Basel marks the end of one of the longest double acts in recent international monetary history.

Oskar Emminger, president of West Germany's federal bank, makes his last appearance at the monthly gathering of central bankers at the Bank for International Settlements in the company of his successor and present deputy Karl-Otto Poehl.

Although the two men have been in their posts for only one and a half years their partnership goes back to the end of 1972. It was then that Poehl was appointed state secretary at the Bonn Ministry of Finance and given responsibility with Emminger, then vice president of the federal bank, for guiding West Germany through the monetary storms of the 1970's.

There is a marked contrast in character and career between the present and future defender of the Deutsche mark. Emminger, retired after a career in the West German central banking system that spanned more than a century, joined the Bank Deutsche Lender, the forerunner of the present federal bank, in November 1950 and became a director in 1953.

Seventeen years later he was appointed vice president of the federal bank and was finally named president in 1977 at the age of 65.

Throughout he has been ubiquitous on the international monetary scene. He has travelled hundreds of thousands of miles from one monetary conference to another. Generally exuding optimism, he has

brought great technical skill to bear on problems of the day. Whether it was the dollar, sterling or the lire that needed propping up or rescuing, the two-tier gold price was established.

But it is not just as the "saviour" of the federal bank that he will be remembered. He has been a determined and persistent warrior against Geldentwertung—a favourite federal bank word for inflation.

Although Germany's present inflation rate of around 5-7 per cent compares favourably with a British rate moving towards 20 per cent, it is far too high for Oskar Emminger. Accordingly he did not hesitate at a recent meeting of the bank's central council to push through a further tightening of monetary policies against the wishes of the finance ministry in Bonn.

Many expect that Karl-Otto Poehl will be a rather more easy-going president of the federal bank than Emminger, who has the reputation of never detaching himself from his job.

Poehl, who at 50 is 18 years younger than Emminger, finds it difficult to conform to the austere image normally associated with his chosen profession. He has a lively sense of humour and a mischievous twinkle. He can be very irreverent.

It is hard to imagine him

submitting cheerfully to the tight security precautions that go with the new job. But there is certainly no question as to his ability and he has made it to the top after a remarkably varied career.

Poehl was only 15 when the war ended and his first task was to catch up on his education. He eventually studied economics at Göttingen, graduating in 1955.

His career got under way in 1960 when he went as a department head to an economic research institute in Munich. Between 1961 and 1967 he was an economics journalist in Bonn, working for a private newsletter, as well as magazines and the radio.

In 1968 he left journalism to join the management of the private banking association. In 1970 he was brought into the Bonn economics ministry by Karl Schiller, the then minister. The following year he moved on to become economic adviser to Willy Brandt in the Chancellery before taking over as state secretary at the finance ministry in December, 1972, under Helmut Schmidt.

Poehl's responsibilities were not confined to international affairs in the finance ministry. It was Poehl who was responsible for new banking legislation after the collapse of the Herstatt Bank in 1974, proving himself a canny debt manager as



The 57 Per Cent Solution, or, Oskar and Karl-Otto Takes On Inflation: outgoing Deutsche Bundesbank president Oskar Emminger (left), and his successor, Karl-Otto Poehl.

HERMAN SMITH LIMITED

Extracts from the annual statement by the Chairman

Mr. Michael Herman Smith: After 61 years Mr. Herman G. Smith vacated the Chairmanship which he has held so effectively through good times and bad. He will continue to serve as an executive Director.

The Group made a trading profit for the year ending 30th June 1979 of £259,545 subject only to tax which compares with a loss of £27,195 for the previous year. A final dividend of 0.23p makes a total of 0.46p per share on the present issued Ordinary Share Capital.

HERMAN SMITH (PRECISION ENGINEERS) produced a satisfactory profit. Demand from customers in the Aircraft and related industries continues at a high level, particularly with regard to precision machining, and prospects for further improvement are favourable.

HERMAN SMITH (ELECTRICAL ENGINEERS) increased its turnover and provided significant profits for the Group. The present workload and potential business should ensure its progress.

HERMAN SMITH (PRESSWORK) has made a good recovery and a much improved contribution to Group profits. Orders and enquiries are buoyant at the present time.

GENERAL: I have been encouraged by the all-round improvement in the results of the Group during the second half of the year but trading in the first half of our financial year is always distorted by holidays and, in this current year, we have also lost production due to the dispute in the Engineering Industry. It cannot be expected, therefore, that results for the 28-week period ending 12th January 1980 will be on a pro rata basis.

In the present climate it is very difficult to forecast the outcome for the full year, but I shall be disappointed if our profits are not, at least, maintained.

Copies of the Report and Accounts can be obtained from the Secretary, Cinderbank Works, Dudley, West Midlands DY2 9AH.

Peter Norman

Public and Educational Appointments also on page 21

FINANCIAL NEWS AND MARKET REPORTS

Flurry of results before Christmas lull

This week

This week sees the final spurt of company activity before the new year with full-year figures from engineering groups Serck and Associated Engineering and a seasonal set of interim figures from Distillers.

On Tuesday the London clearing banks monthly statement issued by the CLCB followed later the same day by UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits from the Bank of England. Then on Friday the Department of Employment publishes the retail price index and the Department of Trade/CSO releases the balance of payments current account and overseas trade figures.

Tuesday's full year figures from meat trader Thomas Borthwick are likely to reflect the depressing conditions experienced so far this year in the UK lamb market. Pre-tax profits for the full year to September 30, are likely to be in the region of £7m to £10.5m against £6.2m. The second half is thought to have been poorer than the first with the group's US operation not having performed as well as expected.

The outlook for the current year looks somewhat brighter with the beef prices in the States expected to be maintained at present level and a concerted effort into the

Iranian market expected now that religious problems have been cleared.

On the same day full-year figures from Serck, the heat exchangers and valve engineers, are expected to show a range of industrial action. Estimates here range between £500,000 and £2m for the full year to September 30, compared with £5m last year. The effects of internal disputes and the long delays in the first half were expected to have been made up in the second half but the engineers strike towards the end of the year has left a question mark hanging over the group's second half performance. Added to this the £125m cost of reorganization of its UK operations is expected to rise to about £2m following further reorganization of its European side. This is to be taken below the line.

Prospects for the current year remain bleak, with the sterling and generally dull conditions prevailing. Finally on Tuesday are full year figures from Trafalgar House, which most observers see as being well down on last year's exceptional figures which included £16m from the sale of two properties. Estimates range from £38m to £50m compared with £60.6m last year. The group's shipping division has been badly affected

by the strength of sterling and while the construction side has done reasonably well. This may be offset by the property side.

Thursday sees the other major engineering group to report Associated Engineering. Once again these full-year figures are likely to reflect the problems brought about by the effects of the engineering strike earlier this year. Most observers are anticipating figures of about the £18m to £21m mark compared with £30m last year. The group has also suffered as a result of the exceptionally bad winter last winter and the dull conditions being experienced in the diesel engine market.

Interim figures from Distillers on Thursday are also unlikely to bear much of the seasonal cheer expected at this time of the year. Most experts see little sign of growth in the first half with some actually envisaging a decline. Estimates vary between £1m and £2m compared with £8m last year. A three-week strike and a smaller contribution from its subsidiary United Glass are the prime reasons for the first-half setback although the pre-budget sales of Scotch are expected to offset some of this.

Prospects for the full year will depend on just how long it has taken distributors to rebuild stocks after the strike but the City remains hopeful. Estimates for the full year are about £195m compared with £180m.



Mr. John Ferguson, chairman of Associated Engineering

TODAY: Interims: Barker & Dobson (amended); Carle, Eng. J. Cropper (Amnd), Highgate & Job, May & Hassell, Alfred Freedy & Sons, St Crofts, Whitecroft, and W. Williams. Serck. Final: Kitchen Queen, Ransome, Hoffman Pollard, C. A. Sperat.

TOMORROW: Interims: Arlington Mr. Bankers Inv. Tr. Reeswood Coast, Brit Benzol Carb, N. Brown Inv. Chapman & Co (Balm), Custer Guard Bridge, Doornfontein Gold, Easton General Inv. Geavon, Tin, Imperial Continental Gas, Ind Timber, Kloof Gold, James Latham, Libanon Gold, Montagu L. Meyer, Mitchell Somers, S. W. Toothill, Utd British Secs Tr. Vantagepoint Gold, Wilson Bros.

Finals: Archimedes Inv. Tr. Thos Northwick Sons, Dobson, East Inds, E. Drifontain Gold, K. Shoes, NSS Newspapers, Record Ridgway, Serck, Trafalgar House, Utd Spring & Steel and Valfontein Gold. WEDNESDAY: Interims: Ball & Sime, Blackman & Conrad, H. P. Sumner, Suterfield Harvey, Derwent, Stamping, Dupire, Ind. Gears, Kolyar, Rubber, (Selling), Rubber, Harold Ingram, Kish Selenger, Rubber, Moore, Inv. Robert Moss, Norman Electrical, Shaw Carpent, Traford Carpent, Ben Williams, W. Wood, Co. Wyndham Eng. Final: Teagarden, Brick, Comair, Deaton Higgs, Elson & Robbins, Arthur Lee & Sons, Mams, Marley & Redfern National Glass. THURSDAY: Interims: Distillers, G. M. Firth, Haslemere Estates, Macmillan Timber, Russell Bros (Paddington), Swelling Inds, Utd Gas Inds, Wilkinson March, Woodrow Wyatt. Final: Assoc Eng-Berak, Tin & Wolfram, Buroc Dean, Carvans Ind, Nelson & Co, Dublin, IOL, Lloyd & Scott, Penland Inv, Richards, Satchi & Satchi, Stenhouse Higgs, Trans-Oceanic Tr, Utd Scientific Higgs, Vaux Breweries. FRIDAY: Interims: Greene King, Sons, Regent Prop, Rivington Reed. Final: Assoc Sprayers, Grovner Prop, Mines, Arthur, Guinness, Hards & Hanson, Humlett Higgs, Marivale Cons Mines.

Michael Clark

Cobalt: study of a treacherous market for punters

It has been a disappointing year for punters in cobalt. On Friday evening the free market price was \$25 a pound, a far cry from the \$44 reached in November 1978. At that time of dramatic fluctuations in price, largely precipitated by the invasion of Zaire's Shaba province, it was expected in some market quarters that cobalt could go as high as \$100. Indeed, trading this year has been surprisingly quiet.

Indeed, what has happened is a case study in how treacherous markets can be. Both demand for and supply of cobalt have proved more elastic than was thought. There is more evidence of substitution than would have been admitted 12 months ago. The then renowned plans for constructing additional capacity are coming to fruition. Last week, for instance, Nchanga Consolidated Copper Mines, a major Zambian producer, announced it is to raise metal production capacity from 1,200 tonnes to 4,000 tonnes.

There is no question that cobalt remains a strategic and rare material. Last year world production of the metal was 21,200 tonnes, of which 13,300 tonnes came from Zaire and 1,700 from Zambia. About 30 per cent is used in chemical applications such as paints and oil refineries, while another 30 per cent goes to high temperature anti-corrosion alloys, especially in the aerospace business.

Smaller uses include magnets (22 per cent), tungsten carbide cements (8 per cent), and steel alloys (5 per cent). This year it is expected that output will be about 1,000 tonnes more than in 1978, while demand will be slightly more, mainly from stockpiles held by either the mines or consumers.

But this demand gap—if such a thing ever exists—is much smaller than some market sources anticipated last year. At that time annual deficiency of up to 5,000 tonnes was mooted for the next four or five years. It was on this expectation that the price was driven up.

Two factors upset the speculators' plans. One was the strength of output from Zaire. Production was about 3,100 tonnes more than in 1978. Given the troubles around the Shaba mines, there is still a little mystery as to how this miracle was worked. One reason seems to be that the damage to the

mines was negligible—as this year's likely output of 12,000 tonnes suggests. Another possibility is that the stockpiles were pilaged and higher grade ore mined. It is also said in the market that contracts with consumers were broken; as Zaire sold its cobalt on the free market to take advantage of the higher prices. Whatever the answer, the prospect of a permanently higher producer price brought

new mines and refineries into the market. In February 1978 the producer price was \$6.85 a pound, by October it was \$20. In the middle of this year it was fixed at \$25, and for a while was more unusually more than the free market price. The increase, followed by stability, was an ideal combination with which to encourage investment in new capacity.

Rustenburg, the South African platinum producer, for example, is now turning out cobalt sulphate equivalent to 90 tonnes of metal a year. At that level the Republic is self-sufficient and is talking about adding cobalt to its exports of strategic materials. Finland is increasing its capacity from about 1,000 tonnes to 1,500, while the two main Japanese refineries, Sumitomo Metal Mining and Nippon Steel, are adding to their current 2,400 tonnes.

The second factor which upset the speculators' plans was the fact that the price was driven up in the first half of this year—

was the solidarity of the consumers and their ability to find substitutes. Rather than be held to ransom, as they saw it, by the market, the consumers put cobalt surcharges on their goods, extended delivery times, and ran down cobalt stocks. At the same time they set to work looking for alternatives. It is now estimated that some 30 per cent of magnets could use ferrites instead of cobalt, and superalloys could switch to nickel, saving 20 per cent. Chemical substitution might reach 15 per cent. These changes will take two or three years to complete and will of course be sensitive to prices. But the growing future in cobalt speculation anticipated at the beginning of 1978 is a lot less bright. Instead, 1980 may well see an orderly market in which cobalt output, demand and substitution will all play a part. Only the possibility of disruption in central and southern Africa is likely to upset the balance again.

Michael Prest

Euro dollar bond prices firm

The international dollar bond market has reopened for new fixed-rate offerings after a pause of about four months. Reports APD.

The reopening of the prime market comes at a time when some institutional investors appear to be concerned about holding too much of their assets in short-term instruments and cash equivalents. Accordingly, for several months, underwriters have not been able to find an investor

level for fixed-rate bond issues that satisfied both borrowers and lenders. So instead they have been feeding the market with an overly rich diet of floating rate notes (FRNs).

However, over the past two weeks, it has become increasingly obvious that investors aren't keen to purchase FRNs whose coupon rates would decline if short-term interest rates kept declining. Conversely, demand for fixed-rate bonds has begun to pick up. This was clearly illustrated in this week's market activity.

A syndicate led by Kleinwort Benson & Co. placed a \$60m, 12-year issue of the European Investment Bank (EIB) at

99.75 bearing 11.75 per cent to yield 11.75 per cent at maturity on an annual coupon basis. This was the first fixed-rate dollar bond issue in the prime market since the first week of August and instructions swapped it up.

GMAC Overseas Finance Corp NV is making its second trip to the Eurobond market this year with a \$100m, five-year issue, underwritten by Morgan Stanley International. Guaranteed by General Motors Acceptance Corp and priced at par, the issue carries a hefty 11 per cent annual coupon rate. However, the borrower has the option of redeeming the notes at 100.5 starting December 15, 1982, and at par a year later. This call feature takes away a considerable amount of the bulk of the interest gains element if interest rates decline as expected.

Eurobond prices (yields and premiums)

US \$ STRAIGHT	Offer Yield	Offer Premium	US \$ STRAIGHT	Offer Yield	Offer Premium
California 6 1/8 1980	9.5%	1.25	Alcanada Pacific Corp 1980	9.5%	1.25
California 6 1/8 1981	10.0%	1.50	Alcanada Pacific Corp 1981	10.0%	1.50
California 6 1/8 1982	10.5%	1.75	Alcanada Pacific Corp 1982	10.5%	1.75
California 6 1/8 1983	11.0%	2.00	Alcanada Pacific Corp 1983	11.0%	2.00
California 6 1/8 1984	11.5%	2.25	Alcanada Pacific Corp 1984	11.5%	2.25
California 6 1/8 1985	12.0%	2.50	Alcanada Pacific Corp 1985	12.0%	2.50
California 6 1/8 1986	12.5%	2.75	Alcanada Pacific Corp 1986	12.5%	2.75
California 6 1/8 1987	13.0%	3.00	Alcanada Pacific Corp 1987	13.0%	3.00
California 6 1/8 1988	13.5%	3.25	Alcanada Pacific Corp 1988	13.5%	3.25
California 6 1/8 1989	14.0%	3.50	Alcanada Pacific Corp 1989	14.0%	3.50
California 6 1/8 1990	14.5%	3.75	Alcanada Pacific Corp 1990	14.5%	3.75
California 6 1/8 1991	15.0%	4.00	Alcanada Pacific Corp 1991	15.0%	4.00
California 6 1/8 1992	15.5%	4.25	Alcanada Pacific Corp 1992	15.5%	4.25
California 6 1/8 1993	16.0%	4.50	Alcanada Pacific Corp 1993	16.0%	4.50
California 6 1/8 1994	16.5%	4.75	Alcanada Pacific Corp 1994	16.5%	4.75
California 6 1/8 1995	17.0%	5.00	Alcanada Pacific Corp 1995	17.0%	5.00
California 6 1/8 1996	17.5%	5.25	Alcanada Pacific Corp 1996	17.5%	5.25
California 6 1/8 1997	18.0%	5.50	Alcanada Pacific Corp 1997	18.0%	5.50
California 6 1/8 1998	18.5%	5.75	Alcanada Pacific Corp 1998	18.5%	5.75
California 6 1/8 1999	19.0%	6.00	Alcanada Pacific Corp 1999	19.0%	6.00
California 6 1/8 2000	19.5%	6.25	Alcanada Pacific Corp 2000	19.5%	6.25
California 6 1/8 2001	20.0%	6.50	Alcanada Pacific Corp 2001	20.0%	6.50
California 6 1/8 2002	20.5%	6.75	Alcanada Pacific Corp 2002	20.5%	6.75
California 6 1/8 2003	21.0%	7.00	Alcanada Pacific Corp 2003	21.0%	7.00
California 6 1/8 2004	21.5%	7.25	Alcanada Pacific Corp 2004	21.5%	7.25
California 6 1/8 2005	22.0%	7.50	Alcanada Pacific Corp 2005	22.0%	7.50
California 6 1/8 2006	22.5%	7.75	Alcanada Pacific Corp 2006	22.5%	7.75
California 6 1/8 2007	23.0%	8.00	Alcanada Pacific Corp 2007	23.0%	8.00
California 6 1/8 2008	23.5%	8.25	Alcanada Pacific Corp 2008	23.5%	8.25
California 6 1/8 2009	24.0%	8.50	Alcanada Pacific Corp 2009	24.0%	8.50
California 6 1/8 2010	24.5%	8.75	Alcanada Pacific Corp 2010	24.5%	8.75
California 6 1/8 2011	25.0%	9.00	Alcanada Pacific Corp 2011	25.0%	9.00
California 6 1/8 2012	25.5%	9.25	Alcanada Pacific Corp 2012	25.5%	9.25
California 6 1/8 2013	26.0%	9.50	Alcanada Pacific Corp 2013	26.0%	9.50
California 6 1/8 2014	26.5%	9.75	Alcanada Pacific Corp 2014	26.5%	9.75
California 6 1/8 2015	27.0%	10.00	Alcanada Pacific Corp 2015	27.0%	10.00
California 6 1/8 2016	27.5%	10.25	Alcanada Pacific Corp 2016	27.5%	10.25
California 6 1/8 2017	28.0%	10.50	Alcanada Pacific Corp 2017	28.0%	10.50
California 6 1/8 2018	28.5%	10.75	Alcanada Pacific Corp 2018	28.5%	10.75
California 6 1/8 2019	29.0%	11.00	Alcanada Pacific Corp 2019	29.0%	11.00
California 6 1/8 2020	29.5%	11.25	Alcanada Pacific Corp 2020	29.5%	11.25
California 6 1/8 2021	30.0%	11.50	Alcanada Pacific Corp 2021	30.0%	11.50
California 6 1/8 2022	30.5%	11.75	Alcanada Pacific Corp 2022	30.5%	11.75
California 6 1/8 2023	31.0%	12.00	Alcanada Pacific Corp 2023	31.0%	12.00
California 6 1/8 2024	31.5%	12.25	Alcanada Pacific Corp 2024	31.5%	12.25
California 6 1/8 2025	32.0%	12.50	Alcanada Pacific Corp 2025	32.0%	12.50
California 6 1/8 2026	32.5%	12.75	Alcanada Pacific Corp 2026	32.5%	12.75
California 6 1/8 2027	33.0%	13.00	Alcanada Pacific Corp 2027	33.0%	13.00
California 6 1/8 2028	33.5%	13.25	Alcanada Pacific Corp 2028	33.5%	13.25
California 6 1/8 2029	34.0%	13.50	Alcanada Pacific Corp 2029	34.0%	13.50
California 6 1/8 2030	34.5%	13.75	Alcanada Pacific Corp 2030	34.5%	13.75
California 6 1/8 2031	35.0%	14.00	Alcanada Pacific Corp 2031	35.0%	14.00
California 6 1/8 2032	35.5%	14.25	Alcanada Pacific Corp 2032	35.5%	14.25
California 6 1/8 2033	36.0%	14.50	Alcanada Pacific Corp 2033	36.0%	14.50
California 6 1/8 2034	36.5%	14.75	Alcanada Pacific Corp 2034	36.5%	14.75
California 6 1/8 2035	37.0%	15.00	Alcanada Pacific Corp 2035	37.0%	15.00
California 6 1/8 2036	37.5%	15.25	Alcanada Pacific Corp 2036	37.5%	15.25
California 6 1/8 2037	38.0%	15.50	Alcanada Pacific Corp 2037	38.0%	15.50
California 6 1/8 2038	38.5%	15.75	Alcanada Pacific Corp 2038	38.5%	15.75
California 6 1/8 2039	39.0%	16.00	Alcanada Pacific Corp 2039	39.0%	16.00
California 6 1/8 2040	39.5%	16.25	Alcanada Pacific Corp 2040	39.5%	16.25
California 6 1/8 2041	40.0%	16.50	Alcanada Pacific Corp 2041	40.0%	16.50
California 6 1/8 2042	40.5%	16.75	Alcanada Pacific Corp 2042	40.5%	16.75
California 6 1/8 2043	41.0%	17.00	Alcanada Pacific Corp 2043	41.0%	17.00
California 6 1/8 2044	41.5%	17.25	Alcanada Pacific Corp 2044	41.5%	17.25
California 6 1/8 2045	42.0%	17.50	Alcanada Pacific Corp 2045	42.0%	17.50
California 6 1/8 2046	42.5%	17.75	Alcanada Pacific Corp 2046	42.5%	17.75
California 6 1/8 2047	43.0%	18.00	Alcanada Pacific Corp 2047	43.0%	18.00
California 6 1/8 2048	43.5%	18.25	Alcanada Pacific Corp 2048	43.5%	18.25
California 6 1/8 2049	44.0%	18.50	Alcanada Pacific Corp 2049	44.0%	18.50
California 6 1/8 2050	44.5%	18.75	Alcanada Pacific Corp 2050	44.5%	18.75
California 6 1/8 2051	45.0%	19.00	Alcanada Pacific Corp 2051	45.0%	19.00
California 6 1/8 2052	45.5%	19.25	Alcanada Pacific Corp 2052	45.5%	19.25
California 6 1/8 2053	46.0%	19.50	Alcanada Pacific Corp 2053	46.0%	19.50
California 6 1/8 2054	46.5%	19.75	Alcanada Pacific Corp 2054	46.5%	19.75
California 6 1/8 2055	47.0%	20.00	Alcanada Pacific Corp 2055	47.0%	20.00
California 6 1/8 2056	47.5%	20.25	Alcanada Pacific Corp 2056	47.5%	20.25
California 6 1/8 2057	48.0%	20.50	Alcanada Pacific Corp 2057	48.0%	20.50
California 6 1/8 2058	48.5%	20.75	Alcanada Pacific Corp 2058	48.5%	20.75
California 6 1/8 2059	49.0%	21.00	Alcanada Pacific Corp 2059	49.0%	21.00
California 6 1/8 2060	49.5%	21.25	Alcanada Pacific Corp 2060	49.5%	21.25
California 6 1/8 2061	50.0%	21.50	Alcanada Pacific Corp 2061	50.0%	21.50
California 6 1/8 2062	50.5%	21.75	Alcanada Pacific Corp 2062	50.5%	21.75
California 6 1/8 2063	51.0%	22.00	Alcanada Pacific Corp 2063	51.0%	22.00
California 6 1/8 2064	51.5%	22.25	Alcanada Pacific Corp 2064	51.5%	22.25
California 6 1/8 2065	52.0%	22.50	Alcanada Pacific Corp 2065	52.0%	22.50
California 6 1/8 2066	52.5%	22.75	Alcanada Pacific Corp 2066	52.5%	22.75
California 6 1/8 2067	53.0%	23.00	Alcanada Pacific Corp 2067	53.0%	23.00
California 6 1/8 2068	53.5%	23.25	Alcanada Pacific Corp 2068	53.5%	23.25
California 6 1/8 2069	54.0%	23.50	Alcanada Pacific Corp 2069	54.0%	23.50
California 6 1/8 2070	54.5%	23.75	Alcanada Pacific Corp 2070	54.5%	23.75
California 6 1/8 2071	55.0%	24.00	Alcanada Pacific Corp 2071	55.0%	24.00
California 6 1/8 2072	55.5%	24.25	Alcanada Pacific Corp 2072	55.5%	24.25
California 6 1/8 2073	56.0%	24.50	Alcanada Pacific Corp 2073	56.0%	24.50
California 6 1/8 2074	56.5%	24.75	Alcanada Pacific Corp 2074	56.5%	24.75
California 6 1/8 2075	57.0%	25.00	Alcanada Pacific Corp 2075	57.0%	25.00
California 6 1/8 2076	57.5%	25.25	Alcanada Pacific Corp 2076	57.5%	25.25
California 6 1/8 2077	58.0%	25.50	Alcanada Pacific Corp 2077	58.0%	25.50
California 6 1/8 2078	58.5%	25.75	Alcanada Pacific Corp 2078	58.5%	25.75
California 6 1/8 2079	59.0%	26.00	Alcanada Pacific Corp 2079	59.0%	26.00
California 6 1/8 2080	59.5%	26.25	Alcanada Pacific Corp 2080	59.5%	26.25
California 6 1/8 2081	60.0%	26.50	Alcanada Pacific Corp 2081	60.0%	26.50
California 6 1/8 2082	60.5%	26.75	Alcanada Pacific Corp 2082	60.5%	26.75
California 6 1/8 2083	61.0%	27.00	Alcanada Pacific Corp 2083	61.0%	27.00
California 6 1/8 2084	61.5%	27.25	Alcanada Pacific Corp 2084	61.5%	27.25
California 6 1/8 2085	62.0%	27.50	Alcanada Pacific Corp 2085	62.0%	27.50
California 6 1/8 2086	62.5%	27.75	Alcanada Pacific Corp 2086	62.5%	27.75
California 6 1/8 2087	63.0%	28.00	Alcanada Pacific Corp 2087	63.0%	28.00
California 6 1/8 2088	63.5%	28.25	Alcanada Pacific Corp 2088	63.5%	28.25
California 6 1/8 2089	64.0%	28.50	Alcanada Pacific Corp 2089	64.0%	28.50
California 6 1/8 2090	64.5%	28.75	Alcanada Pacific Corp 2090	64.5%	28.75
California 6 1/8 2091	65.0%	29.00	Alcanada Pacific Corp 2091	65.0%	29.00
California 6 1/8 2092	65.5%	29.25	Alcanada Pacific Corp 2092	65.5%	29.25
California 6 1/8 2093	66.0%	29.50	Alcanada Pacific Corp 2093	66.0%	29.50
California 6 1/8 2094	66.5%	29.75	Alcanada Pacific Corp 2094	66.5%	29.75
California 6 1/8 2095	67.0%	30.00	Alcanada Pacific Corp 2095	67.0%	30.00
California 6 1/8 2096	67.5%	30.25	Alcanada Pacific Corp 2096	67.5%	30.25
California 6 1/8 2097	68.0%	30.50	Alcanada Pacific Corp 2097	68.0%	30.50
California 6 1/8 2098	68.5%	30.75	Alcanada Pacific Corp 2098	68.5%	30.75
California 6 1/8 2099	69.0%	31.00	Alcanada Pacific Corp 2099	69.0%	31.00
California 6 1/8 2100	69.5%	31.25	Alcanada Pacific Corp 2100	69.5%	31.25
California 6 1/8 2101	70.0%	31.50	Alcanada Pacific Corp 2101	70.0%	31.50
California 6 1/8 2102	70.5%	31.75	Alcanada Pacific Corp 2102	70.5%	31.75
California 6 1/8 2103	71.0%	32.00	Alcanada Pacific Corp 2103	71.0%	32.00
California 6 1/8 2104	71.5%	32.25	Alcanada Pacific Corp 2104	71.5%	32.25
California 6 1/8 2105	72.0%	32.50	Alcanada Pacific Corp 2105	72.0%	32.50
California 6 1/8 2106	72.5%	32.75	Alcanada Pacific Corp 2106	72.5%	32.75
California 6 1/8 2107	73.0%	33.00	Alcanada Pacific Corp 2107	73.0%	33.00
California 6 1/8 2108	73.5%	33.25	Alcanada Pacific Corp 2108	73.5%	33.25
California 6 1/8 2109	74.0%	33.50	Alcanada Pacific Corp 2109	74.0%	33.50
California 6 1/8 2110	74.5%	33.75	Alcanada Pacific Corp 2110	74.5%	33.75
California 6 1/8 2111	75.0%	34.00	Alcanada Pacific Corp 2111	75.0%	34.00
California 6 1/8 2112	75.5%	34.25	Alcanada Pacific Corp 2112	75.5%	34.25
California 6 1/8 2113	76.0%	34.50	Alcanada Pacific Corp 2113	76.0%	34.50
California 6 1/8 2114	76.5%	34.75	Alcanada Pacific Corp 2114	76.5%	34.75
California 6 1/8 2115	77.0%	35.00	Alcanada Pacific Corp 2115	77.0%	35.00
California 6 1/8 2116	77.5%	35.25	Alcanada Pacific Corp 2116	77.5%	35.25
California 6 1/8 2117	78.0%	35.50	Alcanada Pacific Corp 2117	78.0%	35.50
California 6 1/8 2118	78.5%	35.75	Alcanada Pacific Corp 2118	78.5%	35.75
California 6 1/8 2119	79.0%	36.00	Alcanada Pacific Corp 2119	79.0%	36.00
California 6 1/8 2120	79.5%	36.25	Alcanada Pacific Corp 2120	79.5%	36.25
California 6 1/8 2121	80.0%	36.50	Alcanada Pacific Corp 2121	80.0%	36.50
California 6 1/8 2122	80.5%	36.75	Alcanada Pacific Corp 2122	80.5%	36.75
California 6 1/8 2123	81.0%	37.00	Alcanada Pacific Corp 2123	81.0%	37.00
California 6 1/8 2124	81.5%	37.25	Alcanada Pacific Corp 2124	81.5%	37.25
California 6 1/8 2125	82.0%	37.50	Alcanada Pacific Corp 2125	82.0%	37.50
California 6 1/8 2126	82.5%	37.75	Alcanada Pacific Corp 2126	82.5%	37.75
California 6 1/8 2127	83.0%	38.00	Alcanada Pacific Corp 2127	83.0%	38.00
California 6 1/8 2128	83.5%	38.25	Alcanada Pacific Corp 2128	83.5%	38.25
California 6 1/8 2129	84.0%	38.50	Alcanada Pacific Corp 2129	84.0%	38.50
California 6 1/8 2130	84.5%	38.75	Alcanada Pacific Corp 2130	84.5%	38.75
California 6 1/8 2131	85.0%	39.00	Alcanada Pacific Corp 2131	85.0%	39.00
California 6 1/8 2132	85.5%	39.25	Alcanada Pacific Corp 2132	85.5%	39.25
California 6 1/8 2133	86.0%	39.50	Alcanada Pacific Corp 2133	86.0%	39.50
California 6 1/8 2134	86.5%	39.75	Alcanada Pacific Corp 2134	86.5%	39.75
California 6 1/8 2135	87.0%	40.00	Alcanada Pacific Corp 2135	87.0%	40.00
California 6 1/8 2136	87.5%	40.25	Alcanada Pacific Corp 2136	87.5%	40.25
California 6 1/8 2137	88.0%	40.50	Alcanada Pacific Corp 2137	88.0%	40.50
California 6 1/8 2138	88.5%	40.75	Alcanada Pacific Corp 2138	88.5%	40.75
California 6 1/8 2139	89.0%	41.00	Alcanada Pacific Corp 2139	89.0%	41.00
California 6 1/8 2140	89.5%	41.25	Alcanada Pacific Corp 2140	89.5%	41.25
California 6 1/8 2141	90.0%	41.50	Alcanada Pacific Corp 2141	90.0%	41.50
California 6 1/8 2142	90.5%	41.75	Alcanada Pacific Corp 2142	90.5%	41.75
California 6 1/8 2143	91.0%	42.00	Alcanada Pacific Corp 2143	91.0%	42.00
California 6 1/8 2144	91.5%	42.25	Alcanada Pacific Corp 2144	91.5%	42.25
California 6 1/8 2145	92.0%	42.50	Alcanada Pacific Corp 2145	92.0%	42.50
California 6 1/8 2146	92.5%	42.75	Alcanada Pacific Corp 2146	92.5%	42.75
California 6 1/8 2147	93.0%	43.00	Alcanada Pacific		

John Foord

§ Forward bargains are permitted on two previous days
(Current market price multiplied by the number of shares in issue for the stock quoted)

[Faint, illegible markings]

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